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RISK MANAGEMENT AND SAFETY NET PROGRAM SURVEY


Agriculture and Agri-Food Canada
Policy Branch

June 2000



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Economic and Policy Analysis Directorate
Policy Branch

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Research conducted by the Angus Reid Group.



Edited by
Betty Lorimer

June 2000

Economic and Policy Analysis Directorate
Policy Branch

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Executive Summary

Agriculture and Agri-Food Canada commissioned Angus Reid Group to conduct a national study on risk management and safety net programs. Interviews were completed with 2,400 producers in November/December 1999 whose “main” farm type was field crops, beef cattle, hogs, or horticulture.* The study examined risk concerns, producers’ use of government programs and private risk management tools, and producers’ farm financial situation.

The study describes the financial profile of the producers. One-in-ten producers report having farm sales of \$250,000 or more in 1998 while almost one-in-four say their 1998 sales were less than \$50,000. Consistent with lower 1999 farm sales, net incomes are generally expected to be down in 1999. Over three quarters of all producers use non-farm sources of income such as off-farm employment, investment, pension, and other income to supplement family income. One-in-three producers have over \$100,000 in total debt while one-in-five have less than \$10,000 in debt.

Producers were asked about their future plans. Despite generally lower sales levels, some producers are optimistic about the future of their farm operations. On average, a higher proportion are planning to increase (27%) rather than decrease (21%) over the next five years, while half expect to maintain their operation. About one quarter of producers (27%) plan to retire.

When asked what they expected their situation to be with no increases in prices or government support, one third of producers are confident they will still be farming in the next two years, while four-in-ten producers will be seriously considering getting out or will have got out of farming.

* Producers who reported dairy, poultry, or egg production as their “main” farm type were excluded from the study as these types of production are marketed under supply management.

Reduced sales in 1999 and high debt contribute to financial stress. Crop producers are most likely to report sales declines. Almost half the producers in Saskatchewan (49%) and Manitoba (45%) say their net farm income will be "a lot lower" in 1999. Crop producers are also most likely to be seriously considering getting out of farming or will have already left unless prices or government support increase.

Survey respondents generally agree that producers themselves should be responsible for managing most of their income risk but the large majority expect the government to manage at least some of the risk. Producers say that private risk management tools and existing programs are important in managing price risk. In fact, one-in-five producers acknowledge that government programs kept them from going out of business. These producers are as or more likely to be aware of and to use the tools and programs that are available to them.

With the exception of horticulture producers, most producers are aware of the tools and programs available to them. Producers who use safety net programs also use private risk management tools. Program users also place considerable importance on the programs in helping with their individual financial situations. Private risk management tools receive slightly lower importance scores compared to those given to safety net programs.

NISA is primarily viewed as a tool to be used for "saving for retirement", almost three times more likely than for "managing cash flow" or "securing financing". Because of these views and the relatively high reward for keeping funds in NISA, producers use other income sources such as off-farm employment and debt, before making a NISA withdrawal.

Between 10% and 20% of producers received payments from AIDA or related programs. Nearly all crop producers are aware of AIDA while about half the hog producers and just over four-in-ten horticulture producers are aware of AIDA. Crop producers are most likely to expect a major decrease in farm income in 1999, so are likely to have expected an AIDA payment though payments are based on 1998 incomes. Other producers who maintained their incomes, some by diversifying into livestock or other enterprises, felt they were not being rewarded for good management because they did not receive any funds to cover crop-related losses. Even so, a significant percent of crop producers were planning to do the AIDA calculation for the 1999 crop year.

Nearly all producers are aware of the Crop Insurance program and almost three quarters of them use it. On the other hand, almost three quarters of producers who can apply to the Cash Advance program are aware of that program but less than four-in-ten horticulture producers are aware of it. Only four-in-ten producers use the Cash Advance program though the producers who received a Cash Advance payment in 1998 or 1999 gave the program the highest ratings in terms of its importance to their farm financial situation.

The *Assurance-stabilisation des revenus agricoles* (ASRA), a Quebec program, stands out from other programs in awareness, use, and perceived importance. Producers who have ASRA available to them are significantly less likely than others to be considering getting out of farming if conditions do not change. This position suggests that, to some extent, the program contributes to their optimism about the future.

Producers see a need to fund research and market development and safety net programs. When asked to allocate hypothetical funding to these initiatives, they designate a slightly higher proportion (56%) to safety net funding. They allocate the largest part of their safety net dollars to a gross revenue program or a production insurance program. A disaster assistance program receives slightly less resources, particularly from producers in Saskatchewan. Disappointment with AIDA payments may have lead crop producers to allocate a lower proportion of resources to a disaster program.

Private risk management tools and safety net programs appear to provide additional financial stability to most producers surveyed. Some, however, particularly crop producers in the Prairies, continue to experience financial stress. These producers have not yet received the financial support from AIDA that they anticipated though payments are likely to be triggered in 1999 given the income declines that are expected.

Overall, producers say that safety net programs are important to the financial stability of their farm operations but that they themselves are primarily responsible for risk management. Producers also acknowledge the importance of initiatives like research and market development to the long term success of their own farm operations and the industry as a whole.

Section 1: Introduction

1.1 Background

In the spring of 1998, Agriculture and Agri-Food Canada (AAFC) commissioned Angus Reid Group (ARG) to conduct a benchmark study with producers across Canada. Interviews were completed with 2,113 producers and focused on their attitudes and behaviour with respect to change and risk management.

In the fall of 1999, a follow-up study was conducted to provide a more in-depth analysis of the use of safety net programs. The study looked at safety net programs and risk management tools:

- Net Income Stabilization Account (NISA)
- Agricultural Income Disaster Assistance (AIDA)
- Crop Insurance
- Cash Advance (Advance Payments program)
- provincial programs
- private risk management tools to manage price and production risk

This report presents the findings of the follow-up study based on 2,400 interviews conducted in November/December 1999. However, the analysis of the data is ongoing, based on main farm type, gross sales and age, among others.

Section 1 outlines the six objectives, the four main farm types and the methodology used for this study. It also considers the profile of producers and discusses farm status, farm financial profile and farm income.

1.2 Objectives

The follow-up study on risk management and safety net programs had six objectives:

- examine the financial situation of Canadian producers, including the self-assessment of producers' confidence that without increases in commodity prices or changes to government programs, they will still be farming;
- examine the awareness and use of existing government safety net programs and private risk management tools to help manage price and production risk;
- assess the impact of government safety net programs and private risk management tools on farm financial situations;
- examine the usage mix of government and private risk management tools;
- assess producers' perceptions of the role of NISA among users, and their reasons for and against contributing or making withdrawals;
- report the findings by province, main farm type, and farm sales.

1.3 Main farm types

The research was designed to be representative of a cross-section of farm types across Canada. Four main farm types were studied:

- field crops
- beef
- hogs
- horticulture

Producers reporting dairy, poultry, or egg production as their "main" farm type were excluded from the research as these types of production are under the supply management system. For reporting purposes, efforts were made to ensure sufficient representation from each farm type. However, sample restrictions limited the number of interviews completed for hog and horticulture farm types. The margin of error on a national level is considered accurate within +/- 2.0%. Margins of error by main farm type are in Table 1.

Table 1: Margin of error by main farm type

Main farm type	Population ^a	1999 sample	Margin of error
Field crops	82,481	742	± 3.6%
Beef	53,973	749	± 3.6%
Hogs	7,697	401	± 4.8%
Horticulture	12,654	508	± 4.3%
Total	156,805	2,400	± 2.0%

a. Minimum gross farm sales of \$10,000.

Source: 1996 Census of Agriculture.

Additional samples were allocated to the Atlantic provinces to provide statistically significant estimates for New Brunswick, Nova Scotia, and Prince Edward Island.¹ Margins of error on a provincial basis are in Table 2.

Table 2: Margin of error by province

Region	Population ^a	1999 sample	Margin of error
British Columbia	6,818	331	± 5.3%
Alberta	39,735	322	± 5.4%
Saskatchewan	46,963	296	± 5.7%
Manitoba	16,334	348	± 5.2%
Ontario	30,201	381	± 5.0%
Quebec	13,587	377	± 5.0%
Atlantic provinces	3,167	345	± 5.1%
New Brunswick	888	95	± 9.7%
Nova Scotia	1,417	131	± 8.2%
Prince Edward Island	675	81	± 10.5%
Newfoundland	187	38	± 14.3%
Total	156,805	2,400	± 2.0%

a. Minimum gross farm sales of \$10,000.

Source: 1996 Census of Agriculture.

1.4 Methodology

Producers who received at least \$10,000 in 1998 farm sales and who report either field crops, beef, hogs, or horticulture as their main farm type were the target population for this study. A disproportionate sampling approach was used to enable reporting at the provincial and main farm type levels. Thus, the data were “weighted” to reflect the distribution of the target population in the 1996 Census of Agriculture.

“Weighted” and “unweighted” bases are reported in the tables. The unweighted base enables the reader to determine the approximate level of accuracy that can be assigned to each value. Unless otherwise specified, all values used in the tables are weighted values.

Some findings contain “aided” and “unaided” responses. For example, results for safety net program awareness record “aided” awareness—the proportion of respondents that said they were aware of the program once they were asked if they had heard of it—as well as “unaided” awareness—the proportion of respondents that mentioned a particular program with no prompting. In other cases, interviewers read a list of possible answers (e.g. risk factors) and respondents were asked which had an impact on their operation.

1. Because of the small size of the sample, the results for Newfoundland are directional only.

1.5 Profile of producers in the sample

After the data were weighted to reflect the regional distribution of the four main farm types, a profile of producers was generated (Table 3).

Three quarters of all producers (76%) report having field crops on their farm followed by beef enterprises at over half the producers (56%). Half of all producers (51%) consider field crops as the enterprise that contributes most to their farm receipts, while one third (33%) consider beef production as the main enterprise on their farm operation.

Almost all Saskatchewan producers (96%) report having some field crops on their farm. Alberta producers (72%) and Prince Edward Island producers (71%) are more likely to report beef production. Almost half (48%) of all British Columbia producers report having horticultural production along with Newfoundland (60%), Nova Scotia (56%), New Brunswick (52%) and Prince Edward Island (48%).

Three quarters of producers (75%) have at least a high school education. Almost a third completed high school (32%) and 43% received some education beyond high school. British Columbia (55%) and New Brunswick (52%) have a significantly higher proportion of producers reporting education levels beyond high school compared with Saskatchewan (37%) and Quebec (34%).

The average age of producers is 51 years old but 39% are 55 and over. Though the average age is similar across the provinces, Quebec, Manitoba and Prince Edward Island have the youngest average ages (48, 49 and 49 respectively) and the lowest proportions 55 and over (29%, 33%, and 37%, respectively). Ontario has 37% of producers 55 and over.

Table 3: Profile of producers

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Total
Unweighted	331	322	296	348	381	377	95	131	81	38	2,400
Weighted	128	573	672	253	465	234	23	25	21	5	2,400
(%)											
Farm type (producers may have reported more than one)											
Field crops	41	74	96	88	77	37	65	28	67	20	76
Beef	38	72	51	55	57	35	48	52	71	20	56
Hogs	7	6	3	16	18	18	17	8	33	47	10
Horticulture	48	5	1	3	18	34	52	56	48	60	13
Education											
Less than high school	18	21	27	30	23	34	17	32	24	20	25
Complete high school	28	30	36	30	33	32	30	20	29	20	32
Tech./post-secondary ^a	18	31	22	21	28	22	26	24	24	20	25
Some university	14	7	8	6	4	4	13	4	10	20	7
Complete university ^b	14	8	7	11	8	6	9	12	10	20	8
Post-grad degree	9	3	0	4	5	2	4	8	5	20	3
Age											
18 to 34	7	6	7	9	7	9	4	4	11	20	7
35 to 44	19	22	21	25	29	28	26	16	32	20	24
45 to 54	30	28	33	33	27	34	22	36	21	20	30
55 to 64	25	25	22	25	24	22	35	24	21	40	24
65 and over	19	19	17	8	13	7	13	20	16	0	15
Mean age	53	52	52	49	51	48	52	53	49	48	51

a. Including agriculture diploma.

b. Including agriculture degree.

1.6 Farm status

On average, a slightly higher proportion of producers plan to increase their operation (27%) rather than decrease (21%) over the next five years, while half (49%) expect to maintain their operation (Table 4).

One quarter of producers (27%) plan to retire in the next five years. Alberta has the highest percent of producers who plan to retire (33%) while Nova Scotia has the highest percent of no plans for retirement (80%).

Sole proprietorship is the most common form of farm ownership (63%) while 11% are incorporated and 25% have a partnership. Producers in Nova Scotia are most likely to have a sole proprietorship (80%) while producers in Quebec have the highest rate of incorporation (26%). One third of producers in British Columbia have partnerships (33%).

When we consider farm status on a provincial basis, producers in the New Brunswick, Nova Scotia and Quebec are most likely to plan to increase their operations (35%, 36% and 38%, respectively). More producers in Prince Edward Island (62%) plan to maintain their farm operation. In Saskatchewan, 19% of producers plan to expand while 26% expect to decrease their farm operations (the largest percent of all the provinces).

Table 4: Farm status

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Total
Unweighted	331	322	296	348	381	377	95	131	81	38	2400
Weighted	128	573	672	253	465	234	23	25	21	5	2400
(%)											
Plans for farm operation over the next five years											
Increase	32	28	19	29	28	38	35	36	29	60	27
Maintain	41	48	52	44	51	45	43	56	62	20	49
Decrease	22	22	26	19	19	15	17	8	10	20	21
Unsure	5	2	3	9	2	2	4	0	0	0	3
Plans for retirement over the next five years											
Yes	30	33	26	24	22	26	26	20	24	25	27
No	65	64	71	69	74	73	74	80	71	50	70
Unsure	5	3	3	7	4	2	0	0	5	25	3
Classifications of farm operation											
Sole proprietor	50	61	69	65	59	59	70	80	65	75	63
Corporation	15	10	9	8	10	26	9	9	10	25	11
Partnership	33	28	22	26	31	12	22	12	25	—	25
Cooperative	1	0	1	1	0	2	—	—	—	—	1
Years as main decision-maker											
Less than 5	4	2	1	2	3	6	9	4	—	20	3
5 to 9	13	7	7	5	6	14	9	4	14	20	8
10 to 19	28	21	14	25	23	28	21	28	29	60	22
20 to 29	29	35	36	33	35	31	26	36	24	—	34
30 and over	27	35	43	35	32	20	35	28	33	—	34
Number of operators											
1	34	38	36	49	47	44	52	70	38	75	41
2	46	42	50	35	39	38	35	22	38	25	42
3	12	16	13	11	8	10	9	9	14	—	12
4 or more	8	4	2	5	6	8	4	0	10	0	4

1.7 Farm financial profile

One-in-ten producers report 1999 expected gross sales of \$250,000 or more. These producers are less likely than others to expect their 1999 farm sales to be lower than in 1998. About seven percent of producers reporting \$50,000 to \$250,000 in 1998 sales expect to receive less than \$50,000 in 1999 farm sales. In Saskatchewan, 29% of producers report expected farm sales of \$10,000–\$50,000 in 1999 compared to 17% in 1998 (Table 5).

Table 5: Farm financial profile

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Total
Unweighted	331	322	296	348	381	377	95	131	81	38	2,400
Weighted	128	573	672	253	465	234	23	25	21	5	2,400
(%)											
1998 gross sales											
\$10,000 to \$49,999	40	20	17	18	23	39	38	50	19	25	23
\$50,000 to \$99,999	16	42	44	38	41	24	18	21	19	25	38
\$100,000 to \$249,999	13	24	29	25	19	17	14	13	14	—	23
\$250,000 to \$499,999	4	8	7	8	10	9	9	4	14	—	8
\$500,000 or more	4	3	1	4	4	5	5	4	10	—	3
Not stated	24	1	2	7	2	6	18	8	24	50	4
1999 expected gross sales											
Under \$10,000	9	1	3	2	2	1	5	4	0	25	2
\$10,000 to \$49,999	39	22	29	24	26	39	32	50	24	25	28
\$50,000 to \$99,999	14	42	38	36	39	22	18	25	24	25	36
\$100,000 to \$249,999	14	23	23	22	19	19	14	13	10	—	21
\$250,000 to \$499,999	4	8	5	7	7	9	5	4	14	—	7
\$500,000 or more	5	2	1	4	4	5	9	4	5	—	3
Not stated	16	2	1	6	3	5	18	—	24	25	4
Total farm debt in 1999											
Under \$10,000	36	17	12	17	28	21	25	36	19	50	20
\$10,000 to \$49,999	16	25	28	22	22	23	17	20	14	25	24
\$50,000 to \$99,999	11	20	21	13	17	13	13	16	5	—	18
\$100,000 to \$249,999	18	22	26	24	19	21	17	20	24	—	22
\$250,000 to \$499,999	6	9	7	6	8	11	8	4	10	—	8
\$500,000 or more	3	3	2	3	4	6	8	4	14	—	3
Not stated	10	4	4	15	1	5	13	0	14	25	5

One fifth of producers report having less than \$10,000 in total debt while one third carry over \$100,000 in debt. Over one third of the producers in British Columbia, Nova Scotia and Newfoundland report having less than \$10,000 in total farm debt in 1999.

1.8 Farm income

Six-in-ten producers report decreases in 1999 net income compared to 1998. In fact, 31% say their net income will be “a lot lower,” while only three percent say it will be “a lot higher” (Table 6). About three quarters of the producers in Saskatchewan (78%) and Manitoba (72%) say their 1999 farm income will be “lower” and “a lot lower” than 1998 (compared to the average of 60%). Producers in Nova Scotia (57%) and British Columbia (47%) are most likely to report an increase (“higher” and “a lot higher”), compared to the average of 24%.

Over three quarters of producers (78%) have non-farm sources of income. Half have non-farm employment income, either by another family member (18%), the producer (17%), or both (15%). Ontario has the highest proportion of producers (55%) reporting non-farm employment (other family members, producer, or both) as an income source. Conversely, Quebec has the lowest proportion of producers (39%) reporting non-farm employment.

With no increases in prices or government support, only one third of producers (35%) are confident that they will continue farming in the next two years: 28% will be seriously considering getting out of farming and 13% will have already got out (Table 6). Producers in Quebec (65%), Nova Scotia (54%) and British Columbia (50%) are most confident that they will continue farming. Almost two thirds of the producers in Saskatchewan say they will be seriously considering getting out (38%) or will have got out (25%) of farming.

Table 6: Farm income

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Total
Unweighted	331	322	296	348	381	377	95	131	81	38	2,400
Weighted	128	573	672	253	465	234	23	25	21	5	2,400
(%)											
Net income (1999 compared to 1998)											
A lot higher	9	3	1	0	2	4	5	9	6	0	3
Higher	38	30	10	13	23	26	33	48	28	33	21
The same	17	13	12	15	15	34	14	13	17	0	16
Lower	22	28	29	27	36	25	33	22	33	33	29
A lot lower	15	26	49	45	25	11	14	9	17	33	31
Off-farm income	87	78	76	79	84	62	83	88	76	80	78
Off-farm employment											
Producer only	20	18	13	18	21	21	13	32	25	20	18
Producer and other family members	13	11	18	16	19	6	17	12	10	20	15
Other family members only	18	22	16	21	15	13	22	12	25	0	18
Total—off-farm employment	52	51	48	55	55	39	52	56	60	40	50
Other income sources											
Investment/pension income	29	23	24	30	29	10	26	28	15	20	24
Custom work	12	18	15	14	20	11	9	12	11	0	16
Government transfer payments	19	18	17	8	13	9	9	32	19	25	15
None	13	21	24	21	16	38	17	12	24	20	22
Farm operation outlook ^a											
Continue	50	44	22	19	32	65	35	54	10	40	35
Getting out	25	31	38	27	22	14	26	27	0	20	28
Got out	7	15	25	6	5	3	9	8	0	20	13
Unsure	19	11	15	47	41	18	30	12	90	20	22

a. With no increases in prices or government support over two years.

Section 2: Farm Operation

The study considered the operation of producers' farms by four main farm types, by producers' use of four business practices and by producers' use of experts and related services.

2.1 Farm sales by main farm type

Producers who report hogs as their main farm type have the highest sales levels with 31% reporting \$250,000 or more in farm sales (Table 7). Hog producers were also most likely to refuse to report their sales levels (18%). Producers reporting field crops as their main farm type recorded the largest downward shift in farm sales, with 10% more reporting sales below \$50,000 in 1999.

Table 7: Farm sales

	Main farm type							
	Field crops		Beef		Hogs		Horticulture	
Unweighted base	742		749		401		508	
Weighted base	1,210		798		137		255	
	1999 ^a	1998	1999 ^a	1998	1999 ^a	1998	1999 ^a	1998
	(%)							
Less than \$10,000	2		3		2		4	
\$10,000 to \$49,999	28	18	30	28	11	10	35	34
\$50,000 to \$99,999	36	41	42	44	12	14	20	23
\$100,000 to \$249,999	24	27	17	17	27	29	17	15
\$250,000 to \$499,999	7	8	5	6	18	18	8	10
\$500,000 and over	1	2	1	2	13	14	8	8
Unsure/refused	3	3	3	4	18	15	9	10

a. Expected 1999 farm sales.

2.2 Business practices

Producers undertake various activities and business practices in the management of their farm operation. In the study, they were asked about four business practices used in the past two years:

- attend seminars and take training courses or home study courses
- calculate the return on investment when making capital purchases
- change farming practices
- change commodities produced (other than rotating crops)

Half the producers surveyed attended seminars or took courses in the past two years. In fact, 22% attend seminars or take courses several times a year (Graph 1). Also 22% calculate their return on investment several times a year while more than four-in-ten producers (44%) say they have not done so in the past two years.²

More than half the producers interviewed (55%) say they have not changed their farming practices in the past two years. However over one quarter (27%) make changes at least annually ("once a year" plus "several times a year"). Almost two thirds of producers (66%) have not changed the commodities they produce in the last two years while one-in-five change commodities at least annually.

Producers in Ontario (31%) and Prince Edward Island (33%) are most likely to say that they attend seminars or take courses several times a year while more than half the producers in Quebec (58%) have not done so in the past two years (Table A1.a).³ Quebec producers are most likely to say they calculate a return on investment at least annually (61%). Half or more of the producers in Alberta (50%), Nova Scotia (52%) and Newfoundland (60%) say they have not calculated a return on investment in the past two years.

Producers in British Columbia (65%) and Alberta (60%) are most likely to say they have not changed farming practices in the past two years. On the other hand, less than half the producers in Quebec (45%) say they have not made changes and 36% of Quebec producers make changes at least annually.

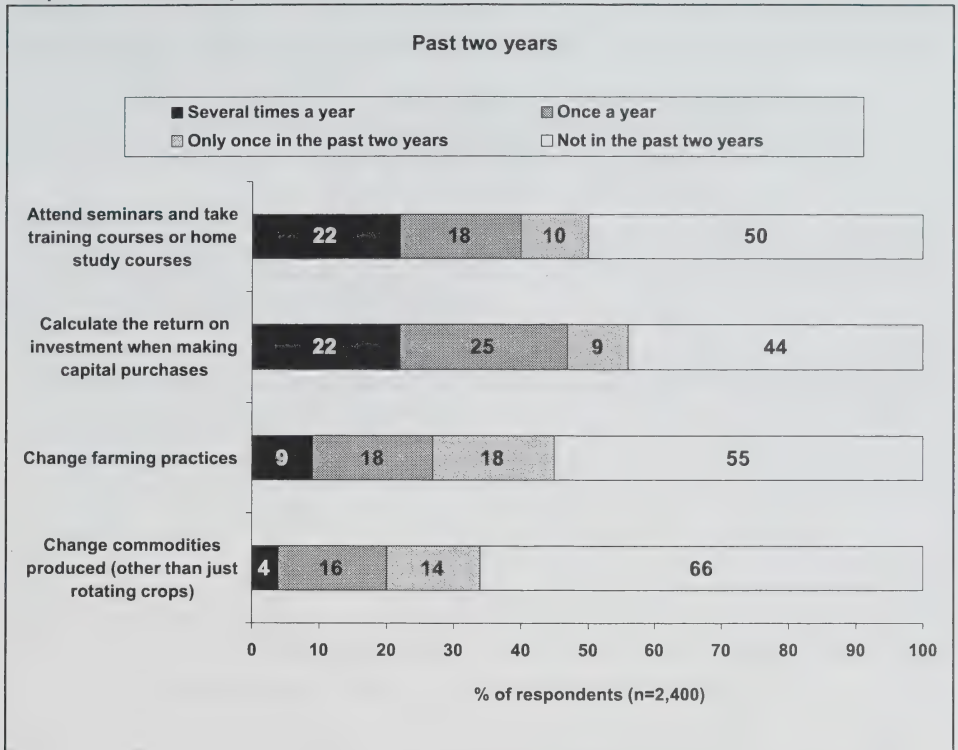
From the point of view of main farm type, one third of the horticulture producers (34%) attend seminars or take courses several times a year while only 18% of beef producers attend seminars or take courses that frequently (Table A1.b). Hog producers are most likely to say they calculate their return on investment at least annually (54%) while beef producers are most likely to have not calculated a return on investment in the past two years (48%).

Horticulture producers (17%) and hog producers (13%) are most likely to say they change farming practices several times a year while six-in-ten beef producers (59%) say they have not made changes in the past two years.

2. Some of these producers may not have made capital purchases in the two-year time period.

3. In Appendix A, Table A1.a presents the use of the four business practices by province and Table A1.b presents them by main farm type.

Graph 1: Business practices



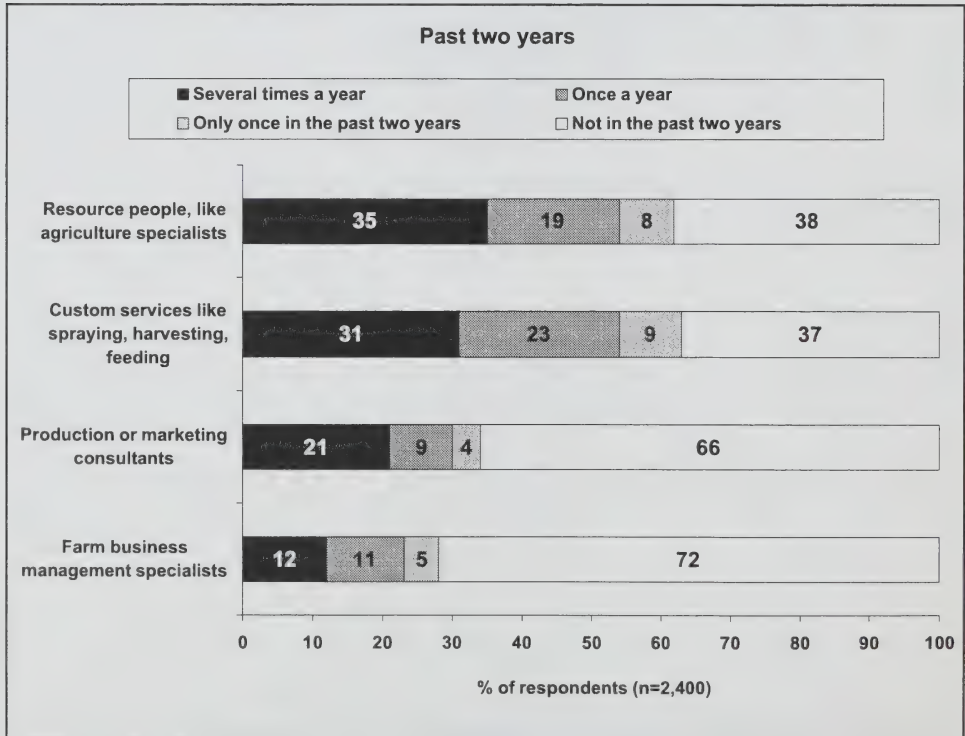
2.3 Experts and related services

The study asked producers about their use of experts and related services in the past two years:

- resource people, like agriculture specialists
- custom services like spraying, harvesting, feeding
- production or marketing consultants
- farm business management specialists

Over one third of the producers surveyed (35%) use resource people, like agriculture specialists, several times a year while one fifth (19%) of the producers use resource people once a year (Graph 2). Custom services like spraying, harvesting and feeding are increasingly being used. Almost one third of producers (31%) use custom services several times a year, while 23% use them once a year. Producers are slightly more likely to use production or marketing consultants on a regular basis than farm business management specialists. About one fifth (21%) use them several times a year and nine percent use them once a year. Only 12% use farm business management specialists several times a year, while 11% use them once a year. Meanwhile, 72% of producers did not use farm business management specialists in the past two years.

Graph 2: Use of experts and related services



Producers in Saskatchewan (62%), New Brunswick (63%) and Quebec (72%) are most likely to have used resource people at least annually. Just over half the producers in British Columbia (53%) have not used resource people in the past two years (Table A2.a).⁴

Producers in Saskatchewan (53%), Ontario (64%), and Manitoba (68%) are most likely to say they use custom services at least annually. Producers in British Columbia (65%), New Brunswick (67%), and Newfoundland (75%) have not used custom services in the past two years.

Producers in Quebec are most likely to say they use production or marketing consultants at least annually (48%). This finding is in contrast with the majority of producers in British Columbia (83%), New Brunswick (83%) and Prince Edward Island (81%) who say they have not used them in the last two years.

Producers in Quebec (37%) and Prince Edward Island (41%) most frequently mentioned using farm business management specialists at least annually. Meanwhile, the large majority of producers in British Columbia (85%) say they have not used the services of farm business management specialists in the past two years.

When we consider the main farm type, horticulture producers (68%) use resource people at least annually while less than half the beef producers (44%) use resource people that frequently (Table A2.b).

Crop producers are slightly more likely to use custom services at least annually (61%). Horticulture producers are least likely to use custom services with over half (56%) saying they did not use these services in the past two years.

Half the hog producers (50%) use production or marketing consultants at least annually. Nearly three quarters of the beef producers (74%) did not use production or marketing consultants in the past two years.

Hog producers are significantly more likely to use farm business management specialists at least annually (38%).

4. In Appendix A, Table A2.a presents the use of experts and related services by province and Table A2.b presents them by main farm type.

Section 3: Risk Factors Affecting Farm Operation

Participants were asked a series of questions relating to the risks they face on their farm operation. They first identified their major risks and their degree of concern before focusing on price risk and its impact on their farm operations.

3.1 Risks

Producers identify price risk (95%) and production risk (91%) most often as having an impact on their farm financial situation in the past two years (Graph 3). To a lesser extent, producers are concerned with the impact of personal safety and health risks, environmental risks and credit risk on their farm financial situation. The other risks are the market acceptance of genetically modified organisms (GMO products), the loss due to wildlife damage, and labour problems. Producers were encouraged to select more than one risk so the total number of times a risk was mentioned are given in Graph 3.

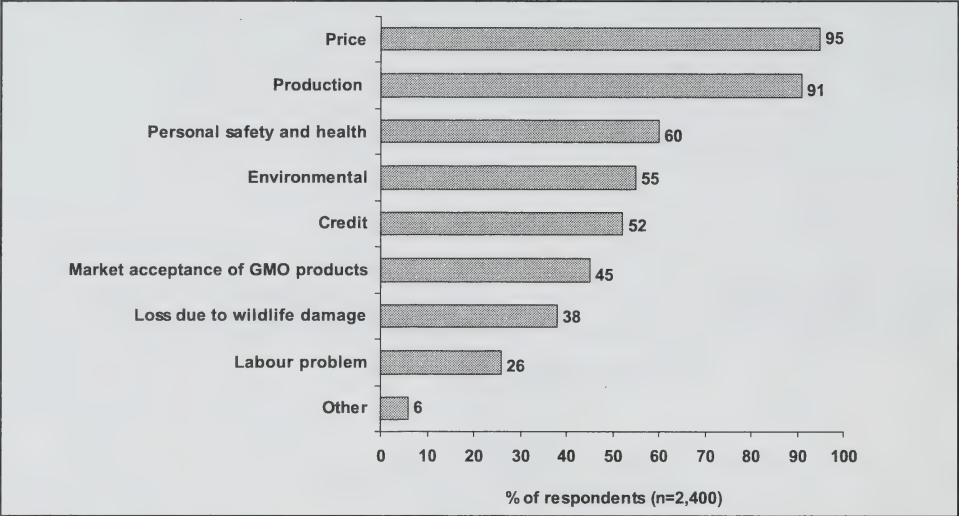
When we consider the risk factors by main farm type, hog producers more frequently mentioned credit risks (63%) than did other producers, particularly horticulture producers (41%) (Table A3.b).⁵ Horticulture producers (51%) most frequently mentioned the impact of labour problems. Risk associated with market acceptance of GMO products was identified most often as a concern by crop producers (56%) and hog producers (45%), followed by beef producers (35%) and horticulture producers (26%).

Risks associated with the market acceptance of GMO products are of greater concern to those with \$50,000 or more of gross farm sales (45% or more) (Table A3.c).

Not surprising, younger farmers (18 to 34 years) more frequently mentioned the impact of credit risk on their farm financial situation (64%) compared to farmers who are 55 years and over (43%).

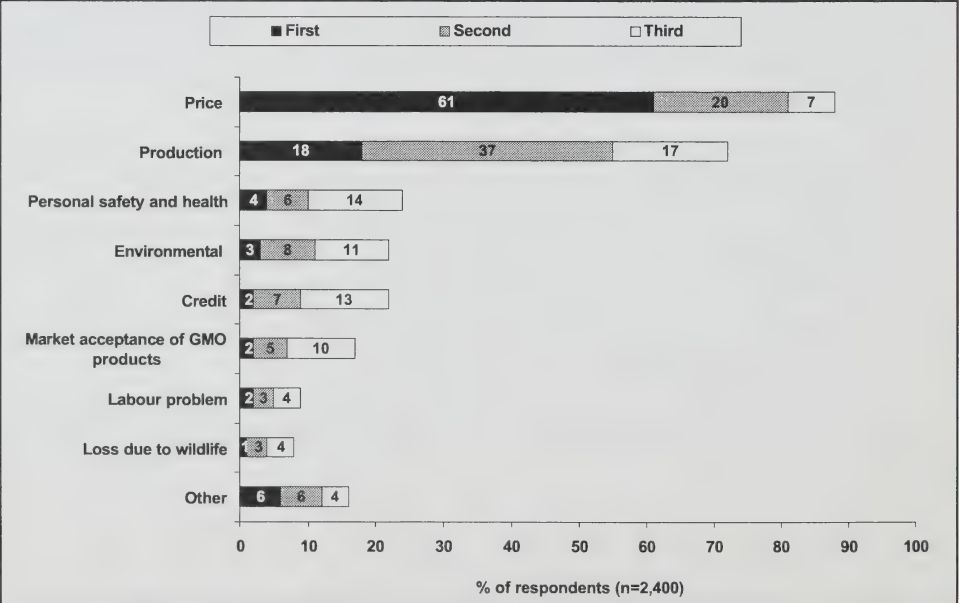
5. In Appendix A, Table A3.a presents risk factors by province and Table A3.b presents them by main farm type while Table A3.c presents risk factors by 1998 sales.

Graph 3: Total mentions of concerns about risks



After producers identified risk concerns, they were asked which were of most concern. Overall, price risk was of most concern (61%). Production risk was the second (37%) or third biggest concern (17%) of more than half the producers. These risks were among the top three with the large majority of producers (88% for price and 72% for production) (Graph 4).

Graph 4: Risk priorities

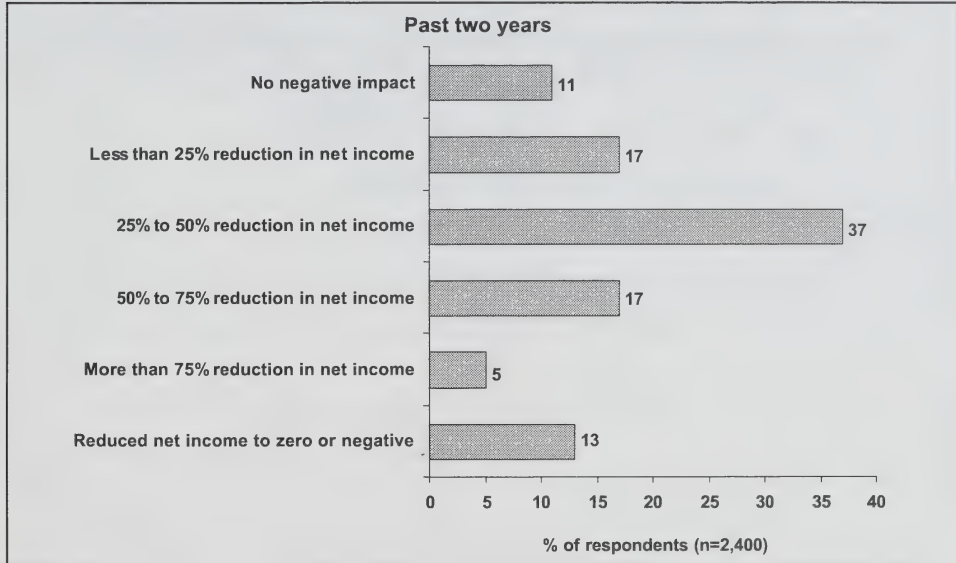


Based on main farm type, hog producers (73%), crop producers (71%) and beef producers (54%) identify price risk as their biggest concern. Horticulture producers are slightly more concerned with production risk (38%) than price risk (29%).

3.2 Price risk

A majority of producers estimated that, in the past two years, price risk had a negative impact on their net incomes (89%) as shown in Graph 5.

Graph 5: Impact of price risk



Saskatchewan and Manitoba producers were affected the most by the impact of price risk in the past two years with 50% and 44% respectively reporting a reduction of at least 50% in their expected net income. Producers in Quebec experienced the least reduction in net income (only 13% had over a 50% reduction in net income).

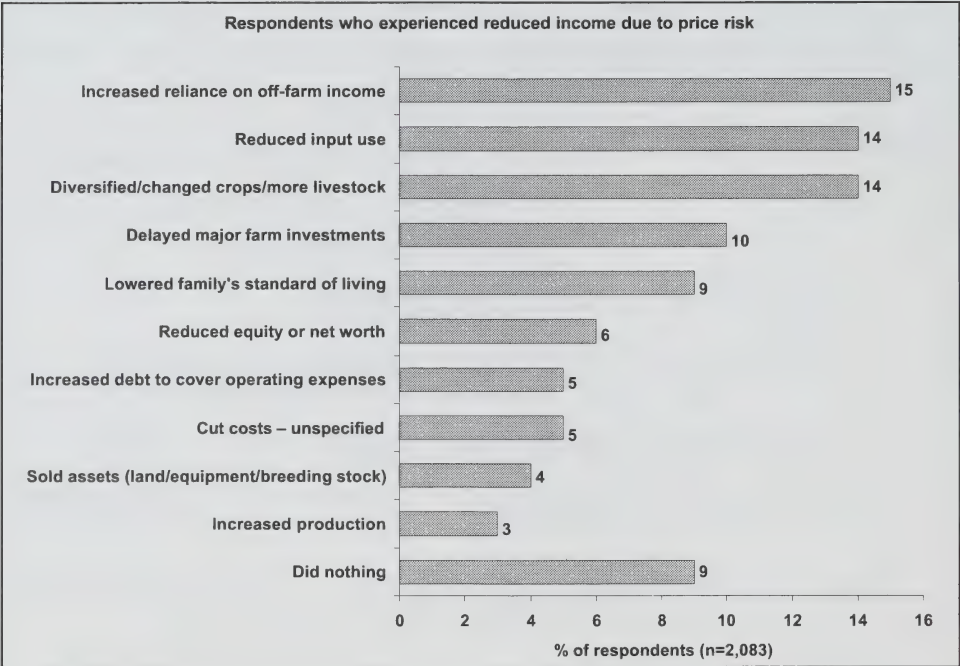
By main farm type, half the hog producers (52%) and four-in-ten crop producers (40%) experienced a net income decline of 50% or more in the past two years. Beef producers and horticulture producers were less likely to have faced such declines (25% and 20%, respectively).

Producers planning to decrease their farm operation in the next five years are almost twice as likely to report a 50% or greater reduction in net income compared with those planning to increase their operation (44% versus 25%, respectively).

Producers affected by price risk were asked what they have done to deal with the reduced income. Overall, producers increased their reliance on off-farm income (15%), reduced their use of inputs (14%), and diversified their operation (14%) to deal with reduced income. Some producers delayed major farm investments (10%), lowered the family's standard of living

(9%), or reduced equity or net worth (6%). Other producers dealt with reduced net income and cut costs—unspecified (5%), sold assets (land/equipment/breeding stock (4%), or increased production (3%). Nine percent said they did nothing (Graph 6).

Graph 6: Dealing with reduced net income



Crop producers most often mentioned increased reliance on off-farm income (20%), reduced input use (19%) and delayed major farm investments (15%). Hog producers reduced input use (15%), reduced their family’s standard of living (15%), increased their debt to cover operating costs (12%) and delayed major farm investments (11%).

In 1999, 15% of producers with farm sales over \$250,000 diversified their operation to deal with reduced income, whereas those with between \$50,000 and \$250,000 reduced the use of inputs (17%), and those with sales of less than \$50,000 increased their reliance on off-farm income (23%).

Producers planning to increase their operation diversified to deal with reduced income due to price risk (21%). Those maintaining their operation reduced their use of inputs (13%) while those decreasing their operation (13%) or retiring (14%) delayed major farm investments.

Producers 55 years and under were more likely than older producers to increase their reliance on off-farm income (21%) and to diversify their operation (17%) to deal with reduced income. Those 55 years and over reduced input use (16%) and delayed major farm investments (13%).

Section 4: Private Risk Management Tools

Participants were asked questions relating to the risk management tools that they use to manage price risks and production risks on their farm operations. They identified production related risk management tools that they had used in the past two years and rated their importance in meeting producers' financial requirements. They also identified their use and availability of market related risk management tools. This section then looks at short-term financing and off-farm income and their roles in risk management.

4.1 Use of production related risk management tools

Producers were asked about their use of four production related risk management tools in the past two years. Half the respondents said they rented land and almost half (47%) hired custom work in the past two years. Only 12% used risk-sharing leases and four percent used rented breeding stock. One quarter of the producers (26%) said they used no production related risk management tools (Graph 7).

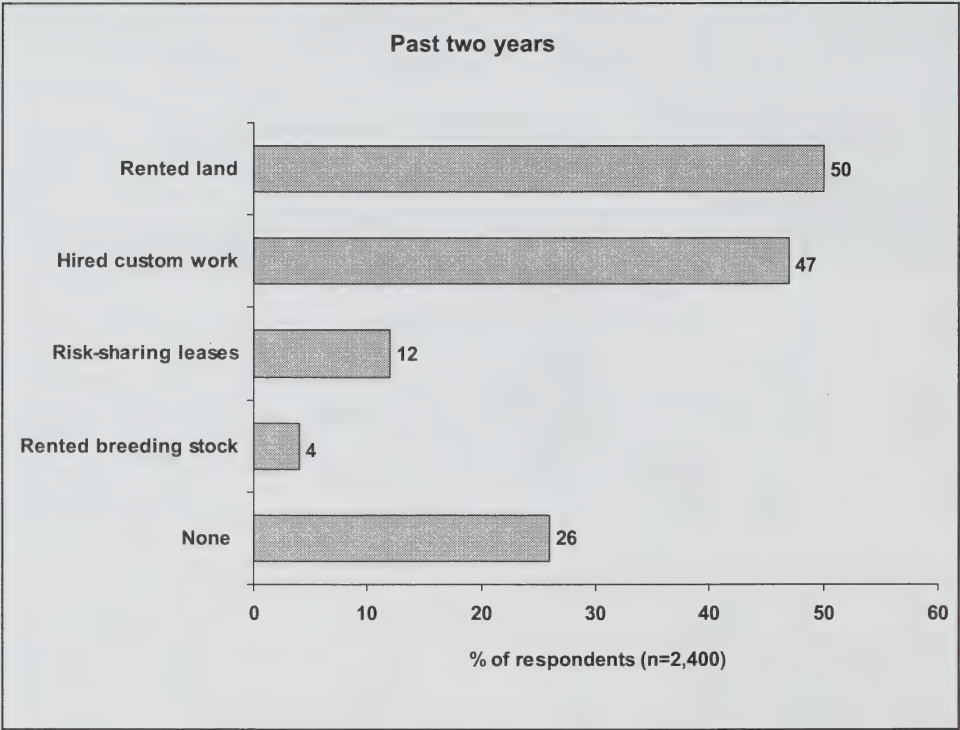
Considering rented land and custom work, producers in Manitoba (56% and 65%), Saskatchewan (55% and 42%), Alberta (51% and 49%) and Ontario (48% and 57%) were more likely to rent land and hire custom work, respectively, than producers in the Atlantic provinces (52% and 35%), Quebec (35% and 30%) or British Columbia (36% and 27%).

Beef producers (53% and 44%), crop producers (52% and 52%) and hog producers (44% and 48%) use rented land and hired custom work respectively.

Farm operations in the low sales categories (under \$50,000) and the high sales categories (over \$250,000) were more likely than average to rent land (62%). Producers in the high sales categories were also more likely than others to hire custom work (53%).

Producers 18 to 34 years were more likely to rent land (62%) than those 35 to 54 years (52%) and 55 years and over (44%).

Graph 7: Use of production related risk management tools



4.2 Availability and use of market related risk management tools

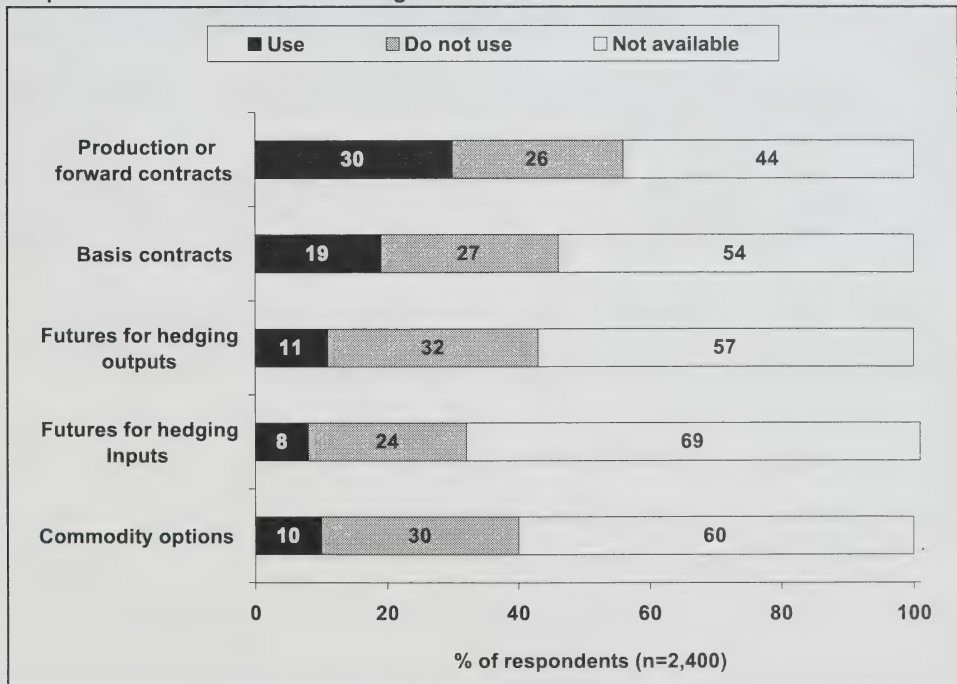
Producers were asked about five market related risk management tools:

- production or forward contracts
- basis contracts
- futures for hedging outputs
- futures for hedging inputs
- commodity options

More than half (56%) said that no tools were available. Note that this is a self-assessment and a risk management tool may be available to some of these producers though they may not be aware of it.

Almost half the survey participants (44%) say production or forward contracts are not available to them while 69% say futures for hedging inputs are not available (Graph 8 and Table A4.a).

Graph 8: Market related risk management tools



Horticulture producers and beef producers report the lowest percent of availability of market related risk management tools (Table A4.b).⁶

6. In Appendix A, Table A4.a presents the availability of private risk management tools by province and Table A4.b presents it by main farm type while Table A4.c presents the availability by 1998 sales.

Despite the fact that some producers feel the tools are not available, half of all crop producers (51%) use production or forward contracts, as do one third of all hog producers (32%). One third of the crop producers use basis contracts (33%), followed by just under one-in-five hog producers (17%). Similar proportions of crop producers and hog producers use commodity options (16% and 12%, respectively) and futures for hedging outputs (18% and 15%, respectively).

Producers with over \$250,000 gross farm sales are most likely to use these risk management tools (Table A4.c).

Younger producers, 18 to 34 years, are twice as likely to use basis contracts (36%) and are slightly more likely than older producers to use each of the other risk management tools.

Production coverage

Producers who use the tools were asked to estimate the average proportion of their main farm operation that was covered by each tool in the past two years. Note that there is a great deal of variability in these data. The results should be considered directional, although specific mean percentages are given for each market tool. Also note that there is likely to be some overlap as producers refer to the amount of coverage they received from each market tool.

Among those who are using production or forward contracts with this tool, 33% of their total production is covered (Table A5.a).⁷

Those using futures for hedging outputs say that this risk management tool covers one quarter of their production (27%) and slightly more for hedging inputs (30%). About one quarter of total production is covered by basis contracts (24%) and by commodity options (26%).

With the exception of horticulture, these risk management tools are generally available to producers in this study. Despite this, one-in-two say these risk management tools are not available to them. This perception is likely attributable to a lack of producer awareness.

7. In Appendix A, Table A5.a presents production coverage of risk management tools for those that use them by province and Table A5.b presents production coverage by main farm type while Table A5.c presents it by 1998 sales.

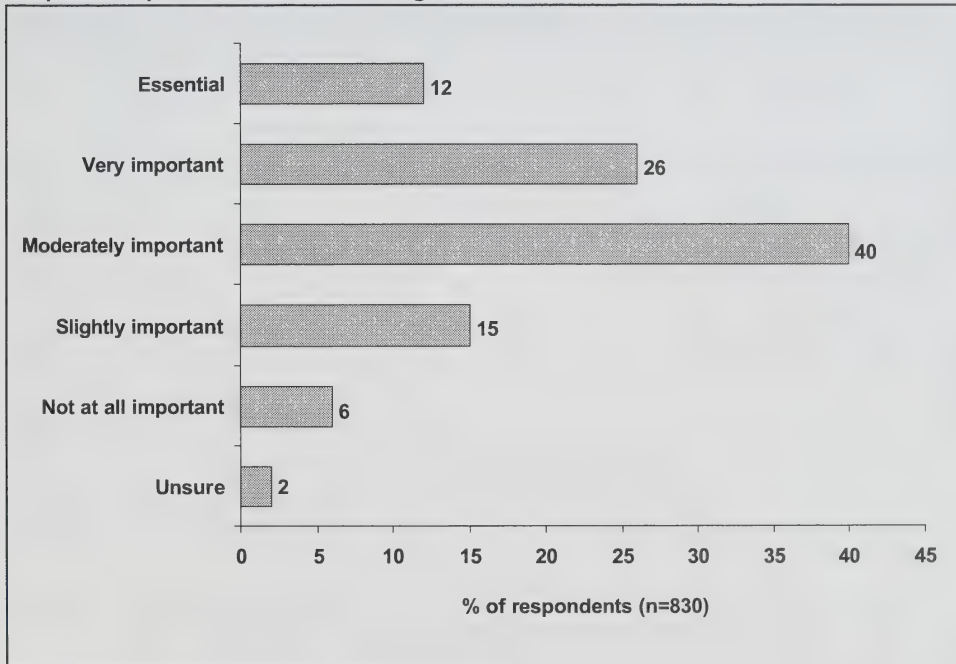
Importance of risk management tools

Almost four-in-ten producers who use risk management tools think the tools are essential (12%) or very important (26%) in helping them meet their financial requirements (Graph 9 and Table A6.a).

Private risk management tools are slightly more important (“essential” and “very important”) to horticulture producers (53%) and hog producers (47%) (Table A6.b).⁸

Producers planning to “increase their operation in the next five years” are also more likely than others to say that these tools are essential (14%) or very important (34%).

Graph 9: Importance of risk reducing market tools



8. In Appendix A, Table A6.a presents the importance of risk management tools by province and Table A6.b presents the importance by main farm type while Table A6.c presents it by 1998 sales.

Reasons for not using risk management tools

Producers that reported having risk management tools available to them but did not use them were asked why they did not use the tools. While producers gave a variety of reasons for not using these tools, they most frequently said that they “don’t know how it works” or “it doesn’t work for my operation.” Others “never needed to use it” or “never considered using it” (Table 8).

Table 8: Reasons for not using tools

	Production or forward contracts	Basis contracts	Futures for hedging outputs	Futures for hedging inputs	Commodity options
	% of producers				
Don't know how it works	12	23	22	20	28
Never needed to use it	22	18	13	18	17
It doesn't work for my operation	16	11	11	10	10
Don't want to/not interested	11	—	11	13	12
Not comfortable using it	8	10	10	9	7
Don't want to be locked in	7	—	5	5	5
Never considered using it	7	6	8	8	9
Don't know	14	24	21	18	17

4.3 Short-term financing

Short-term financing may increase risk, but may also be a risk management tool. If funds are not available, short-term financing may facilitate cash flow requirements without producers having to sell their assets.

Producers were asked whether they used short-term financing in the past two years and whether they had to extend this short-term financing over a longer period of time.

Two thirds of producers (67%) used short-term financing for their farm operation in the past two years and 26% of the producers who used it, refinanced their credit for a longer time. Producers in British Columbia (46%) were also significantly less likely than producers in other provinces to use short-term financing, particularly producers in Saskatchewan (74%) and Alberta (71%) (Table A7.a).⁹

Slightly fewer horticulture producers used short-term financing (61%) than other producer types (field crops—68%, beef—67%, hogs—67%). However, 36% of hog producers and 27% of crop producers who used short-term credit refinanced it for a longer time. Beef producers

9. In Appendix A, Table A7.a presents short-term financing by province and Table A7.b presents it by main farm type while Table A7.c presents short-term financing by 1998 sales.

(24%) and horticulture producers (20%) were slightly less likely to have refinanced their short-term credit (Table A7.b).

Producers were asked to indicate the highest level of their short-term financing in 1999. Overall, 45% of the producers said their highest level of short-term financing ranged from \$10,000 to \$49,999.

4.4 Off-farm income

Off-farm income is another tool used by producers to help stabilize family income. Producers were asked about five sources of off-farm income that contributed to their overall household income:

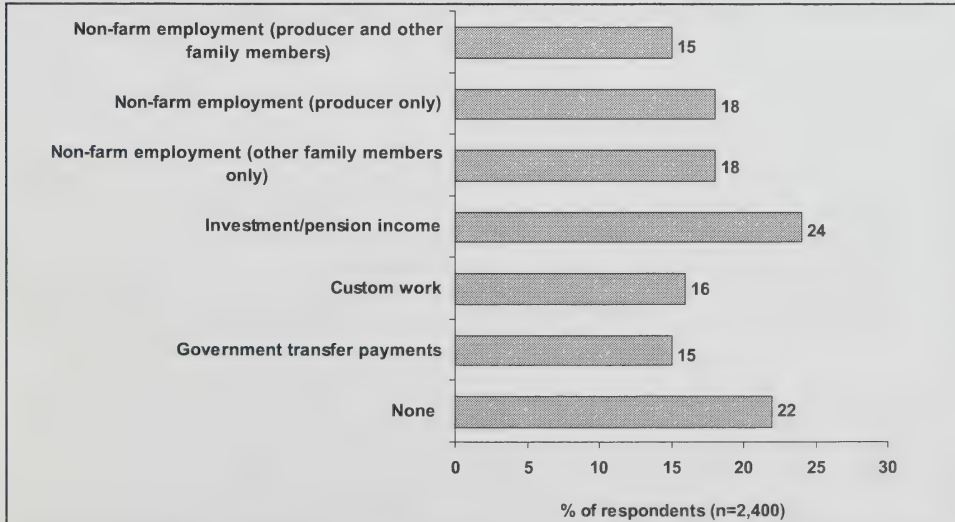
- non-farm employment (other members)
- non-farm employment (self)
- investment/pension income
- custom work
- government transfer payments

The most frequently mentioned off-farm sources of income were non-farm employment for other members (33%) and non-farm employment for self (32%) (Graph 10).

Overall, fewer producers in Quebec than any other province, have off-farm employment contributing to their household income, with 38% using no off-farm sources (Table A8.a).¹⁰

Hog producers are the least likely to use off-farm sources of income, with 41% reporting no off-farm income compared with crop producers (21%) and beef producers (19%) (Table A8.b).

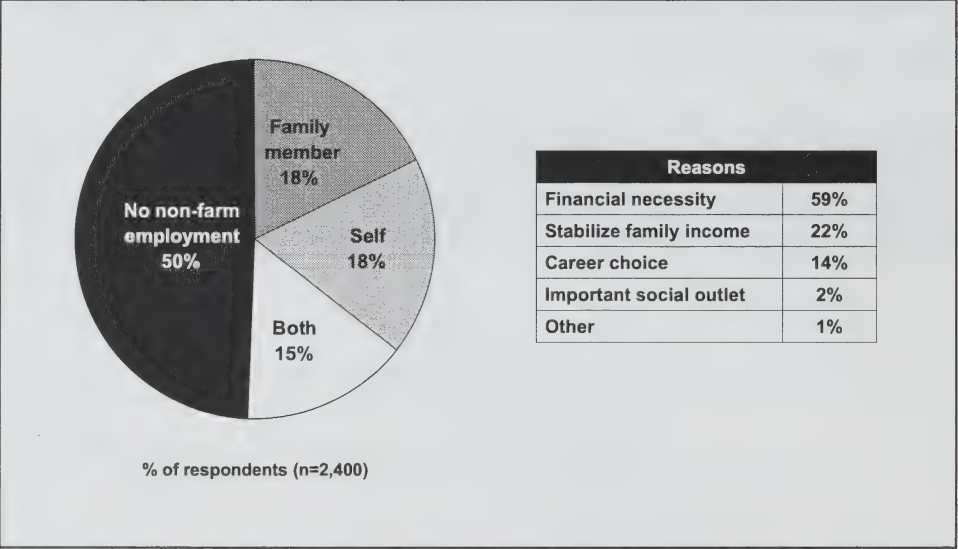
Graph 10: Additional sources of income



10. In Appendix A, Table A8.a presents sources of off-farm income by province and Table A8.b presents them by main farm type while Table A8.c presents sources of off-farm income by 1998 sales.

Producers that have off-farm employment contributing to their overall household income were asked why they use off-farm employment. The most frequently mentioned reason was “financial necessity” (59%) (Graph 11).

Graph 11: Reasons for off-farm employment



Saskatchewan producers are significantly more likely to say off-farm employment is a “financial necessity” (74%), double the level reported in Quebec (36%), while 63% of crop producers report it as a “financial necessity”, compared to horticulture producers (45%).

Section 5: Program Evaluations

A key objective of the study was to examine producers' awareness and use of federal and provincial safety net programs. In addition, the study examined producers' attitudes toward the programs and program effectiveness in assisting with the financial requirements of program participants.

This section has eight parts:

- Program availability
- Federal program awareness
- NISA deposits and withdrawals and its role
- AIDA and related programs
- Provincial programs
- Crop Insurance and Cash Advance programs
- Importance of safety net programs
- Impact of government payments

5.1 Program availability

Not everyone is able to participate in each of the programs addressed in this study. For example, the Net Income Stabilization Account program (NISA) is not available for beef producers in British Columbia, Alberta, or Quebec. The Agricultural Income Disaster Assistance program (AIDA) is not available to producers in British Columbia, Alberta, Ontario, or Prince Edward Island, though similar "disaster-type" programs are available in those provinces. In this study, AIDA was considered to be available in Quebec, though in practice, Quebec producers access AIDA funds through Assurance-stabilisation des revenus agricoles (ASRA).

Only those producers who have the program available to them were asked about program use and program effectiveness. Thus "eligible" producers referred to in the text are those who were aware of the program and said that the program was available to them, rather than just those who meet the criteria for receiving a program payment under a particular program. Table 9 presents program availability information used in this study.

Table 9: Program availability

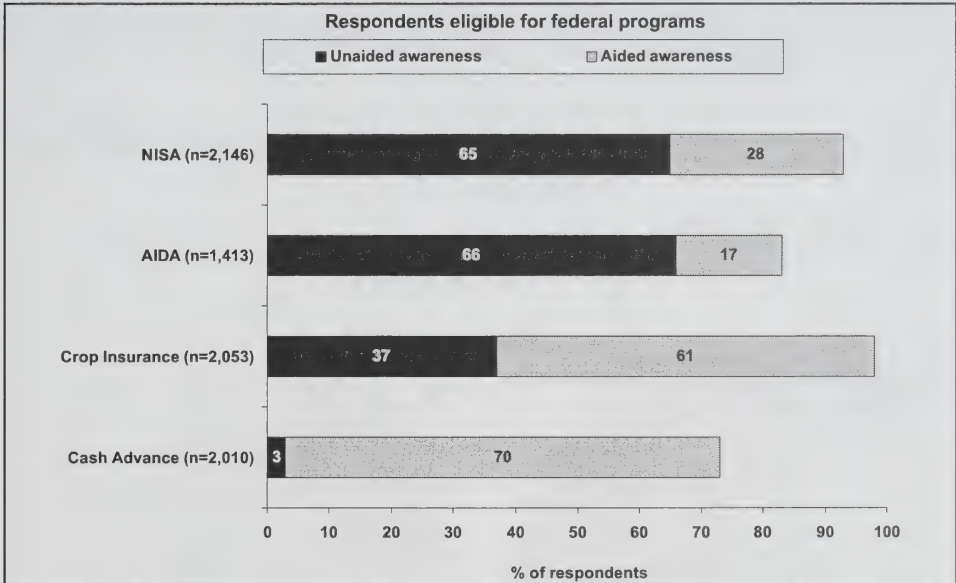
Program	Province	Production type
NISA	Sask./Man./Ont./N.B./ N.S./P.E.I./Nfld.	All
	Que.	Horticulture ^a / processing potatoes/honey
	B.C./Alta.	Field crops/hogs/horticulture
AIDA	Sask./Man./Que./N.B./ N.S./Nfld.	All
AIDA-equivalent		
Whole Farm Insurance	B.C.	All
Farm Income Disaster	Alta.	All
Whole Farm Relief	Ont.	All
Agricultural Disaster Insurance	P.E.I.	All
Not AIDA-equivalent		
Market Revenue Insurance Plan	Ont.	Crops
Self-Directed Risk Management	Ont.	Horticulture
Assurance-stabilisation des revenus agricoles (ASRA)	Que.	Field crops/beef/ hogs/sheep/ apples / seed/table potatoes
Cash Advance	All provinces	Field crops/horticulture
Crop Insurance	All provinces	Field crops/horticulture

a. Except apples and seed and table potatoes.

5.2 Federal program awareness

Awareness is high for all farm safety net programs (Graph 12). In particular, 93% of producers are aware of NISA and 83% are aware of AIDA (if those programs are available to them). There is almost total awareness of the Crop Insurance program (98%) while almost 73% of the participants who could apply to the Cash Advance program were aware of it.

Graph 12: Awareness of safety net programs



Almost all crop producers and hog producers surveyed are aware of NISA (98%) and 88% of eligible beef producers and 79% of horticulture producers are aware of the NISA program. Almost all crop producers (94%) are aware of AIDA as are most beef producers (76%). AIDA awareness drops to 58% for eligible hog producers and only 44% for eligible horticulture producers. This drop is largely due to Quebec producers who use ASRA and are not aware of AIDA. If Quebec producers were removed from the calculation, AIDA awareness would jump to 95% of the producers in other provinces with AIDA.

Almost all of the eligible crop producers are aware of the Crop Insurance program (99%) and most are aware, when aided, of the Cash Advance program (83%). Almost all eligible horticulture producers are aware of the Crop Insurance program (93%) but less than half (43%) are aware of the Cash Advance program.

5.3 Net Income Stabilization Account

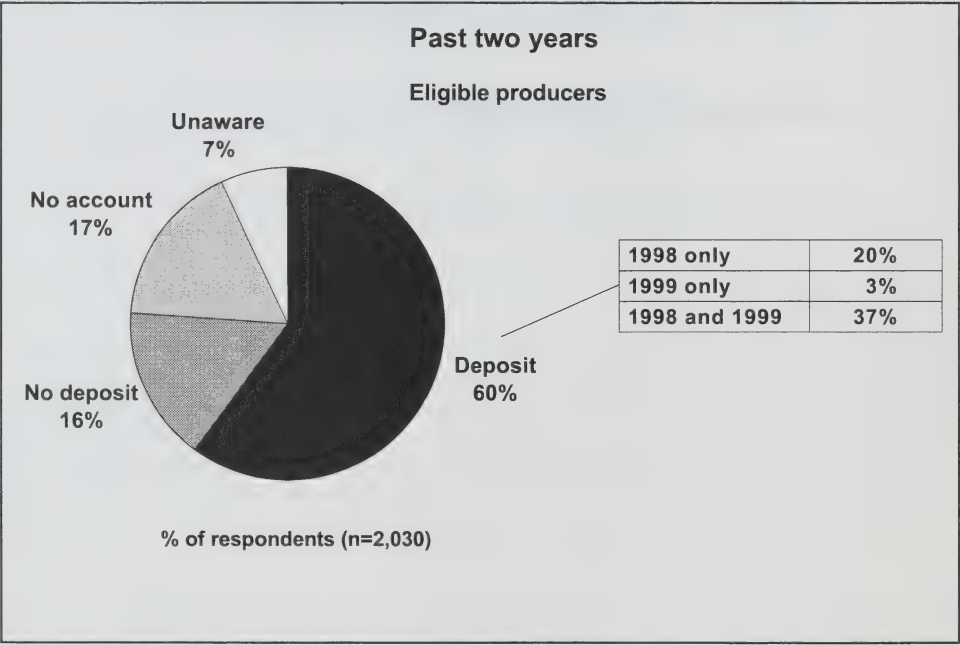
Of the producers who have NISA available for their type of production, about three-quarters have an account. However, 17% do not have an account and 7% are unaware of the program (Graph 13).

NISA deposits

In 1998, 57% of eligible producers made a NISA deposit (20% plus 37%). By November 1999, only 40% had made a deposit (3% plus 37%), though producers typically make their deposits in December (Graph 13).

Of those producers who have a NISA account, 78% made a deposit in either of the last two years. "Insufficient funds" (54%) and "lack of adequate gross income to make a deposit" (37%) are the primary reasons given by those who did not make a deposit.

Graph 13: NISA deposits

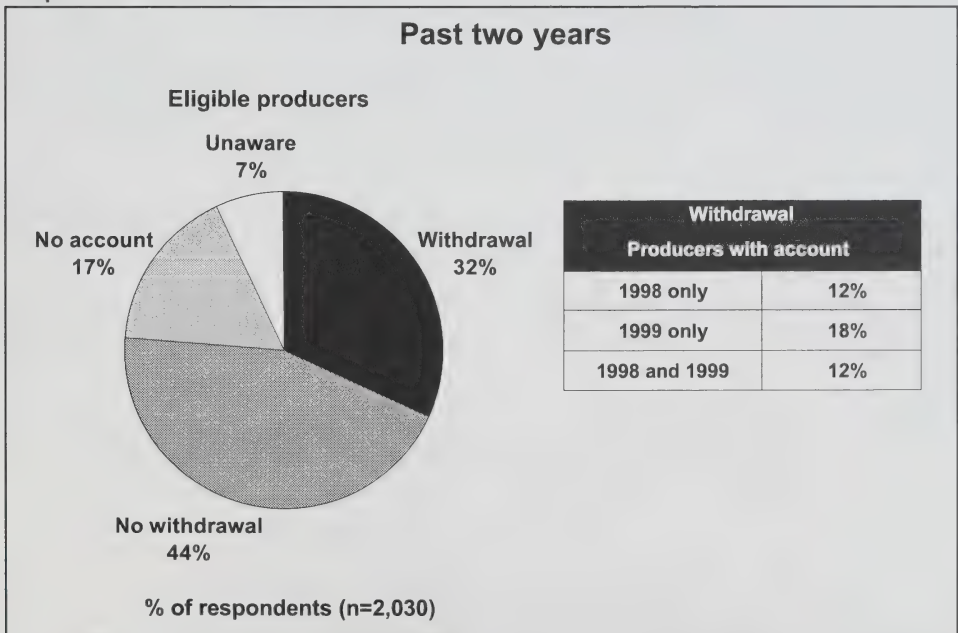


NISA withdrawals

In 1998, 24% of producers with a NISA account made a withdrawal (12% plus 12%) while 30% made a withdrawal (18% plus 12%) prior to December 1999. Just over one-in-ten producers (12%) made withdrawals in each year (Graph 14). Two thirds of those who made withdrawals in the past two years withdrew the full amount to which they were entitled.

The majority of those who made a withdrawal cite “lack of cash flow” (83%), “depressed prices” (73%) and “high operating costs” (66%) as the main reasons for withdrawing money from their account. Four-in-ten producers who made a withdrawal said it was because of “declining equity” and a similar proportion said “other sources of financing were used up” (39%).

Graph 14: NISA withdrawals



Nearly six-in-ten NISA account holders did not make a withdrawal in the last two years (44% of 76%). Producers were asked about their reasons for the non-use of NISA (Table 10).

One third (33%) of those who did not make a withdrawal said they “didn’t need it” and 26% said they “did not trigger withdrawal” while 19% said they were “keeping/waiting for retirement.” Some producers (15%) said the account “balance [was] not sufficient” to meet cash flow requirements,” while 11% said they “expect to have a greater need for it in the future.” Other producers focused on the economic rationale for not making a withdrawal indicating they used other income sources to meet financial needs (4%).

Table 10: Reasons for the non-use of NISA

Unaided ^a	% of producers
Didn't need it/farm financial situation improved	33%
Did not trigger withdrawal/not eligible to withdraw	26%
Keeping/waiting for retirement	19%
Balance not sufficient	15%
Expect to have a greater need for it in the future	11%
Use other sources of financing first	4%

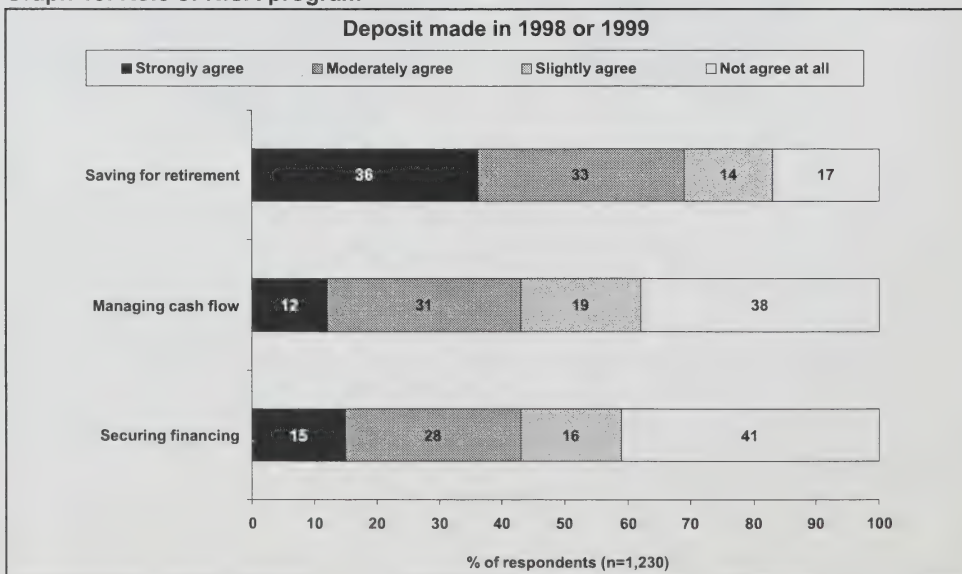
a. Base: respondents with a NISA account who did not make a withdrawal (n=823).

Role of NISA

Over one third of the producers (36%) who made a deposit in either of the past two years “strongly agree” that NISA is a tool to be used for “saving for retirement.” This percent is in contrast to producers who “strongly agree” that NISA is a tool for “securing financing” (15%) or “managing cash flow” (12%). More than one third of the producers who made a NISA deposit in the past two years (38%) do not see it as a tool for “managing cash flow” (Graph 15).

Hog and cattle producers are the least likely to agree that NISA is a tool to be used for “saving for retirement” (62% and 61% respectively, “strongly agree” and “moderately agree”). Meanwhile, crop producers are the least likely to view NISA as a tool for “managing cash flow” (41%, “strongly agree” and “moderately agree”).

Older producers are more likely to view NISA as a tool for “saving for retirement” while younger producers are more likely to see it as a tool for “securing financing” or “managing cash flow”.

Graph 15: Role of NISA program

5.4 Agricultural Income Disaster Assistance and related programs

AIDA is a targeted, two-year program designed to make funds available to producers who experience significant net farm income declines. AIDA payments received in 1999 are based on producers' incomes in 1998.

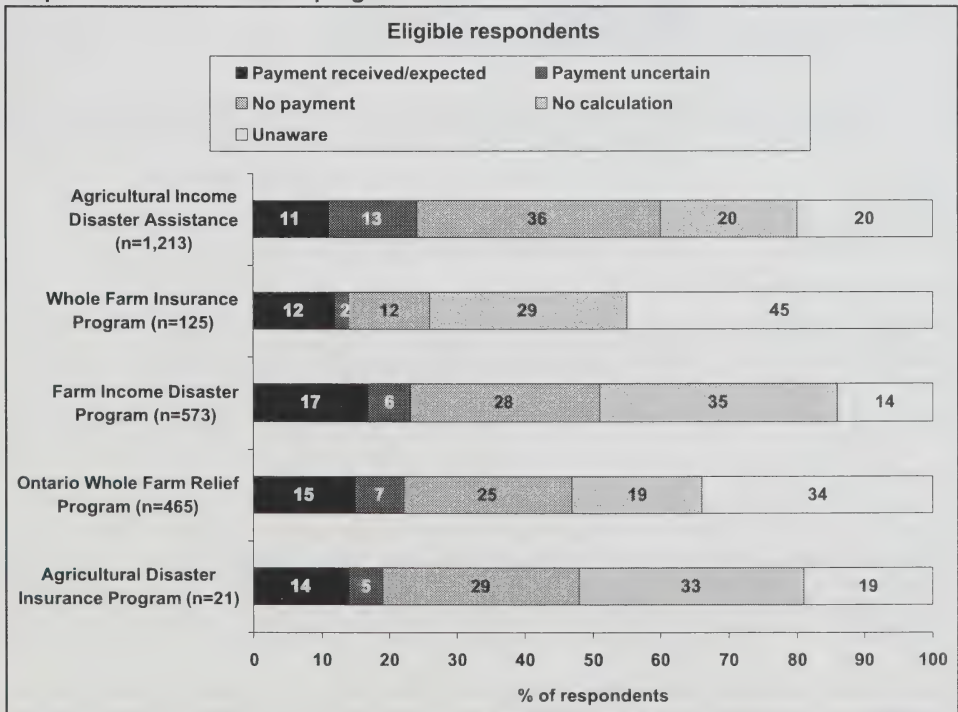
Six-in-ten producers completed an AIDA calculation to determine whether they would receive a payment. The remainder either chose not to do the calculation (20%) or were unaware of the program (20%). Of these respondents, 11% received or expected to receive a payment, for 13% payment was uncertain, and 76% did not receive a payment (Graph 16).

Of producers eligible and familiar with the AIDA program, 75% did the calculation. Of those who did the calculation, 18% received or expected to receive a payment, 22% were uncertain if they would receive a payment and 60% did not receive a payment.

Graph 16 also shows the percentages of use for the four main programs related to AIDA:

- British Columbia Whole Farm Insurance Program (WFIP)
- Alberta Farm Income Disaster Program (FIDP)
- Ontario Whole Farm Relief Program (OWFRP)
- Prince Edward Island Agricultural Disaster Insurance Program (ADIP)

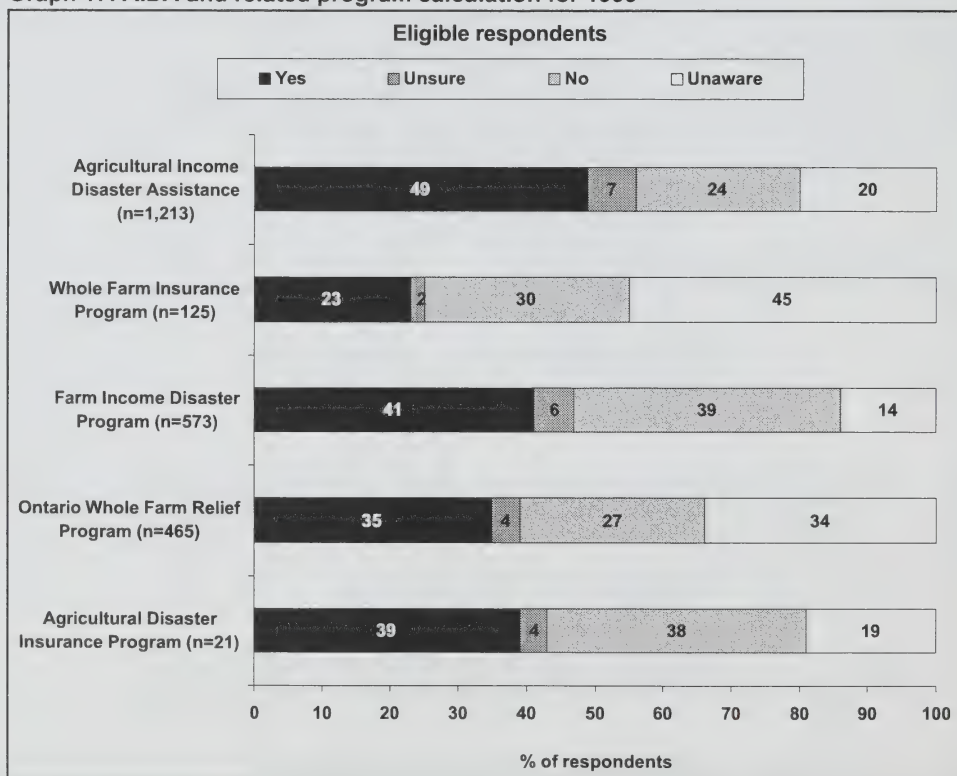
Graph 16: AIDA and related program use



Of the producers who have AIDA available to them but did not do the calculation, more than four-in-ten (42%) do not consider themselves to be “eligible” for the program (Graph 17). Including those who do not consider themselves “eligible”, it is expected that many of those who did not complete the AIDA calculation did not experience a significant decline in their 1998 income level.

Despite the number of AIDA producers who did not receive a payment after doing the 1998 calculation, 49% plan to complete the calculation for the 1999 calendar year. This percent is in contrast with other AIDA-related programs like the WFIP (23%) and the OWFRP (35%) that have the lowest program calculation intentions (Graph 17).

Graph 17: AIDA and related program calculation for 1999



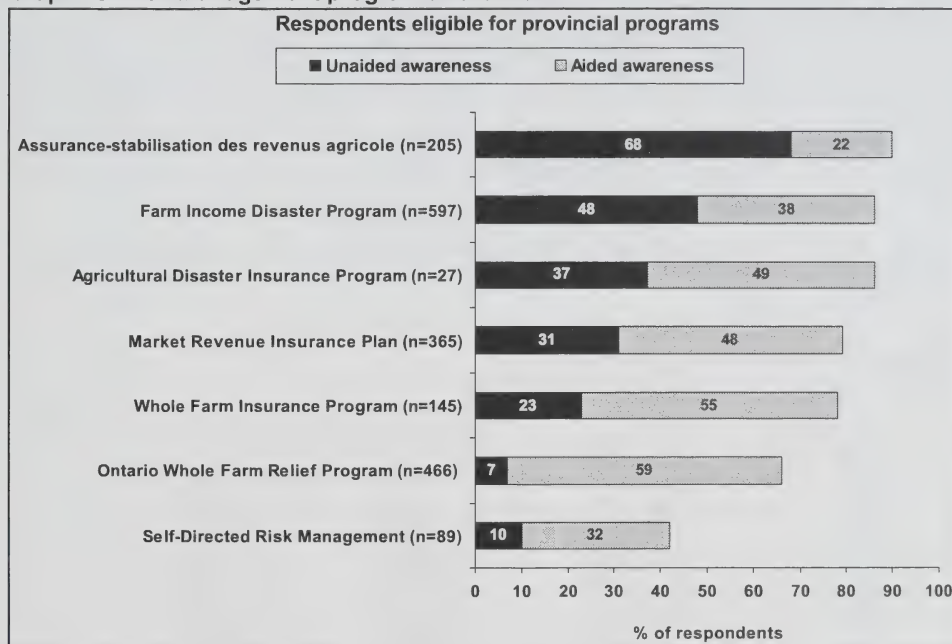
Significantly higher than other provinces, most Saskatchewan producers (80%) and two thirds of the producers in Manitoba completed the 1998 calculation for AIDA. Awareness of AIDA was much higher in Saskatchewan and Manitoba than elsewhere in the country. Because of ASRA, eligible producers in Quebec were the least likely to apply for an AIDA payment.

Horticulture producers were much less likely than other producers to complete the calculation for AIDA funding (11%), whereas 76% of crop producers completed the calculation. Crop producers and hog producers were more likely to complete the AIDA

calculation, perhaps reflecting the relative financial situations of each group in 1998 and their income expectations for 1999. Of those who did the calculation, about half of the hog producers and 22% of crop producers received or expected to receive an AIDA payment.

FIDP and ADIP have the highest levels of awareness of the AIDA-related programs (86% each). The OWFRP and the Self-Directed Risk Management program have significantly lower levels of awareness (66% and 42%, respectively) (Graph 18).

Graph 18: Risk management program awareness



About half the producers who have a program available did the calculation to determine whether they would receive a payment through FIDP, ADIP or the OWFRP (about 50% each). Just over one quarter of those eligible for the WFIP (26%) did that calculation.

Similar to AIDA, about 50–65% of the producers aware of these programs but who did not do the calculation, do not consider themselves eligible to participate in each program.

FIDP records the highest proportion of eligible producers to receive or expect to receive a payment through the program (17%). Nevertheless, each of the AIDA-related programs is similar in terms of payments, ranging from 11% to 17% (Graph 16). Of those producers who did the calculation, FIDP records the highest proportion of producers who received or expected to receive a payment (46%). Each of the other AIDA related programs is similar with respect to payments received, or expected, ranging from 31% to 34%.

5.5 Provincial programs

Ontario has two distinct provincial programs: Market Revenue Insurance Plan (MRIP) available to crop producers, and Self-Directed Risk Management (SDRM) available to horticulture producers. In Quebec, ASRA is available to producers of field crops, beef, hogs, apples and seed and table potatoes.

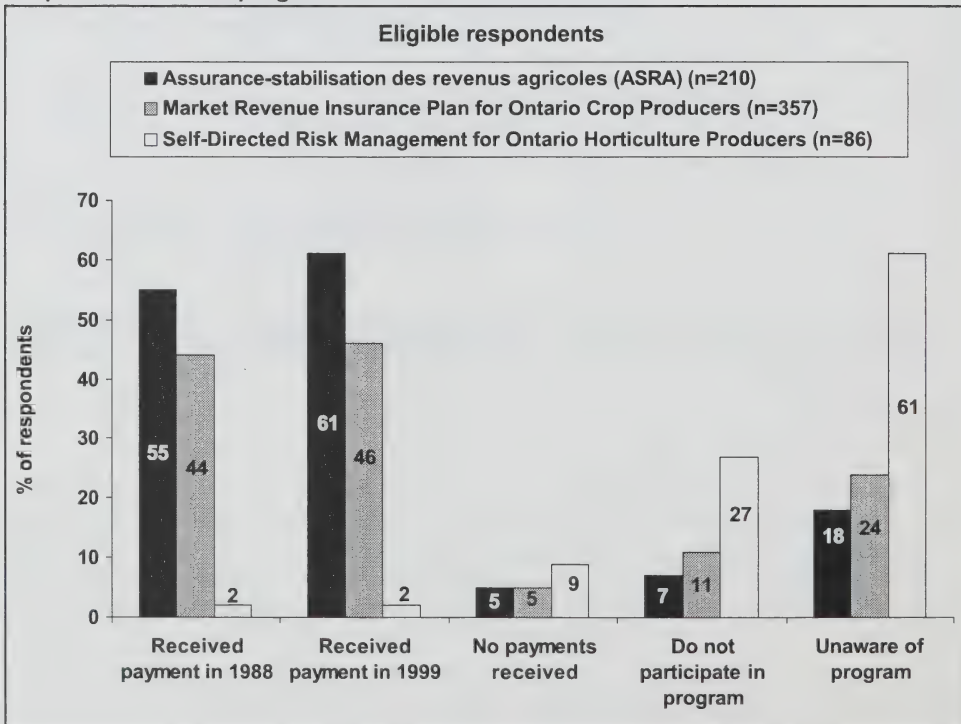
Of all programs examined, ASRA has the highest proportion of producers who have received a program payment. In 1998, 55% of producers with ASRA available to them received a payment and in 1999, 61% received a payment (Graph 19).

In 1998, 44% of producers eligible for MRIP received a payment and 46% in 1999. For producers with SDRM available to them, only two percent in 1998 and 1999 received payments.

More than one quarter of producers eligible for SDRM did not participate in the program (27% – the highest percent).

ASRA has the highest awareness level (82%) – only 18% are unaware. Of the producers with MRIP available to them, 24% are unaware of the program compared to 61% who are unaware of the SDRM program.

Graph 19: Provincial program use



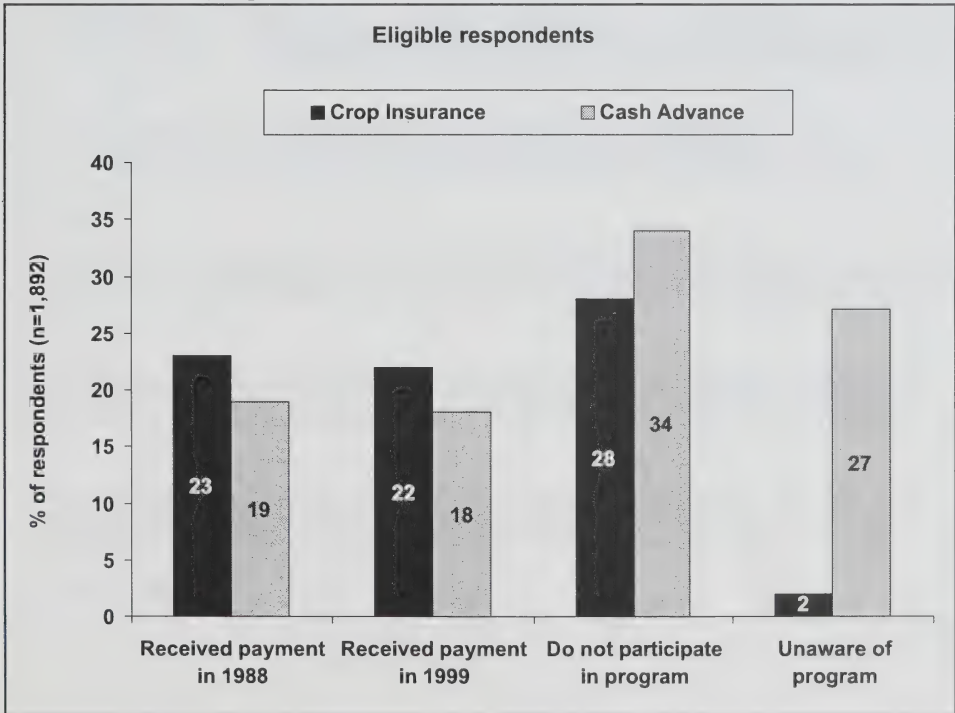
5.6 Crop Insurance and Cash Advance programs

Both the Crop Insurance program and the Cash Advance program are available to most horticulture and crop producers. About 20% received payments in 1998 and 1999 in both programs (Graph 20).

Some producers did not participate. Over one quarter (28%) did not participate in the Crop Insurance program. However, almost all producers are aware of the Crop Insurance program (only 2% are unaware).

More than one third (34%) did not participate in the Cash Advance program, while over one quarter (27%) were unaware of the program.

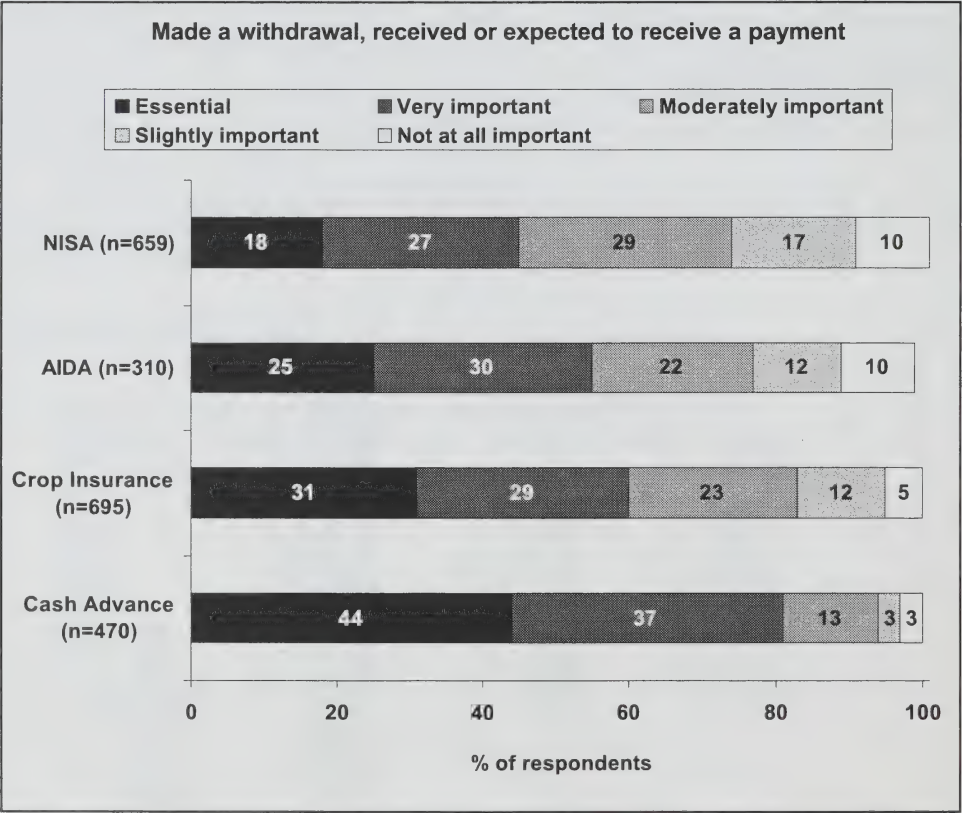
Graph 20: Federal program use



5.7 Importance of safety net programs

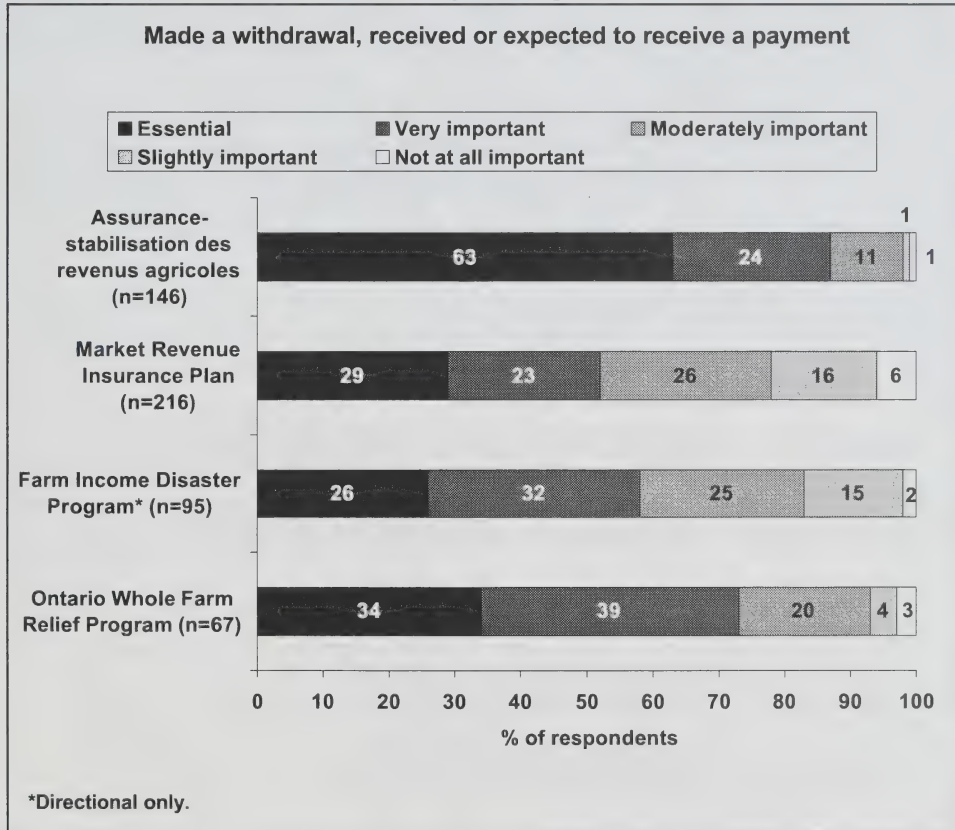
Federal program users, that is, those who made a NISA withdrawal or received or expected to receive a payment under another program, were asked about the importance of each program in meeting the financial requirements of their farm operation. Considering “essential,” “very important” and “moderately important,” 94% said the Cash Advance program was important. The Crop Insurance program was slightly less important with 83%. The importance rating for AIDA was 77% and 74% for NISA (Graph 21).

Graph 21: Importance of federal safety net programs



For provincial safety net programs, ASRA stands out from other programs for receiving the highest importance rating of 98% ("essential," "very important" and "moderately important"). The OWFRP was slightly less important with 93%. FIDP was important to 83% of producers and MRIP to 78% in helping them meet their financial requirements (Graph 22).

Graph 22: Importance of provincial safety net programs

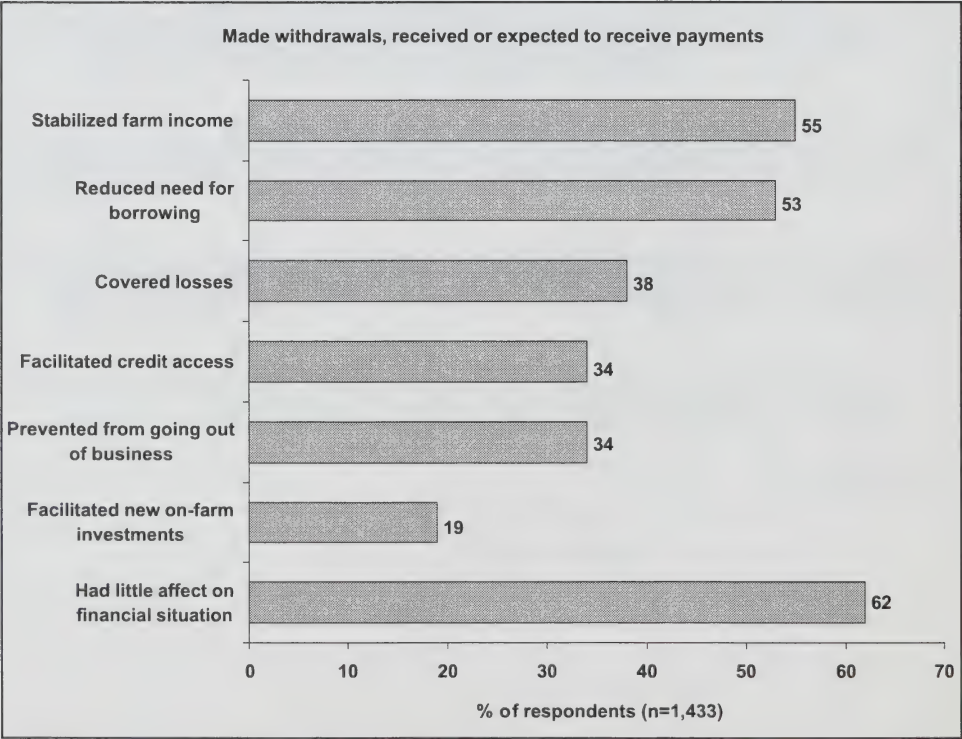


5.8 Impact of government payments

Producers acknowledge that government program payments do impact their farm operations in various ways. Producers who made a NISA withdrawal or received or expected to receive a program payment under another program were asked about the impacts of these payments on their farm operations. Program payments were critical to at least one third of producers who agreed that the payments kept them in business (34%). ASRA users reported significantly higher levels of agreement than other program users for each of the potential impacts.

Producers indicated the extent to which they agreed with seven potential impacts (Graph 23).¹² Over half the producers agreed that program payments “stabilized farm income” (55%) and “reduced the need for borrowing” (53%). About a third of the producers agreed that the payments “covered losses” on operating expenses (38%) and “facilitated credit access” (34%). The lowest level of agreement was “facilitated new on-farm investments” (19%).

Graph 23: Overall impact of program payments



12. When asked specifically about the overall impact, 62% of producers claimed that program payments “had little affect on [their] financial situation.” However, this assessment seems to contradict the importance ratings that they gave federal safety net programs (see Graph 21).

Section 6: Risk Management

This section considers who is responsible for risk management—government and/or producers. It also looks at the importance of risk management programs and concludes with an allocation of resources by producers to safety net programs and research and market development.

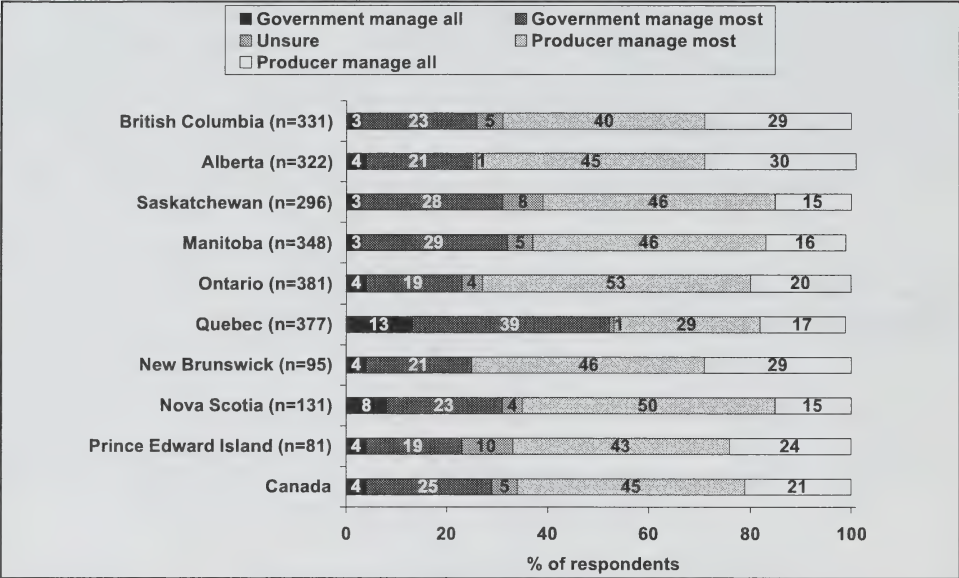
6.1 Responsibility

Almost two thirds of producers agree that they should be responsible for managing most (45%) or all (21%) of their income risk. Nevertheless, almost three-in-ten producers maintain that they should be able to rely on government programs to manage most (25%) or all (4%) of the income risk.

Differences exist between the provinces (Graph 24):

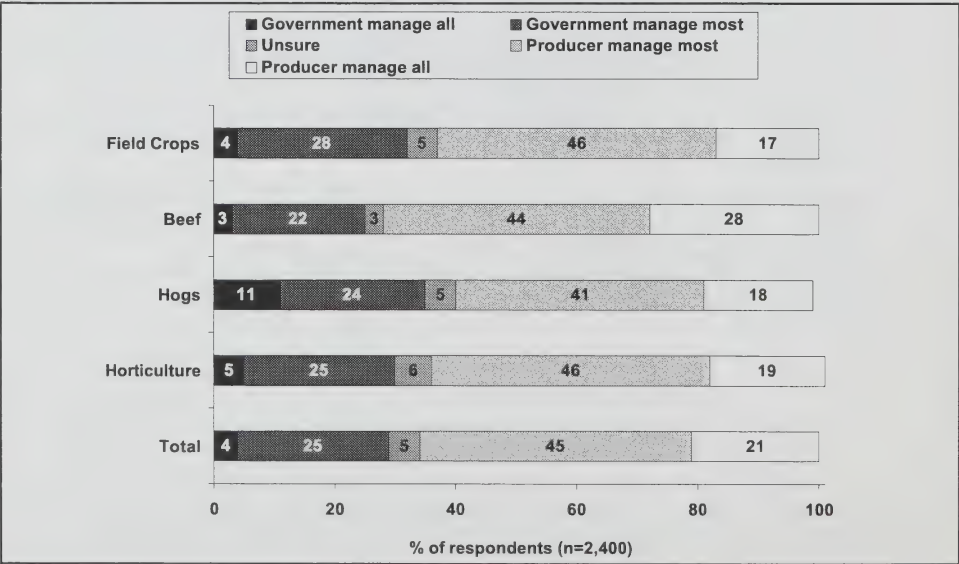
- Producers in Quebec are significantly more likely than others to say that the government should be responsible for managing all of the income risk (13%).
- Producers in Quebec are also more likely to say that the government should manage most of the income risk (39%).
- Over half the producers in Ontario (53%) say that they should manage most of the income risk.
- Meanwhile, producers in British Columbia, New Brunswick and Alberta are most likely to say that producers themselves should accept all responsibility for managing income risk (29%, 29% and 30%, respectively).

Graph 24: Risk management responsibility by province



While the bulk of the respondents expect risk management to be a shared responsibility, hog producers are more likely to expect government to be solely responsible for managing income risk (11%) (Graph 25). At the opposite end, beef producers are significantly more likely than others to say that producers themselves should be responsible for managing all income risk (28%).

Graph 25: Risk management responsibility by main farm type



6.2 Importance of risk management initiatives

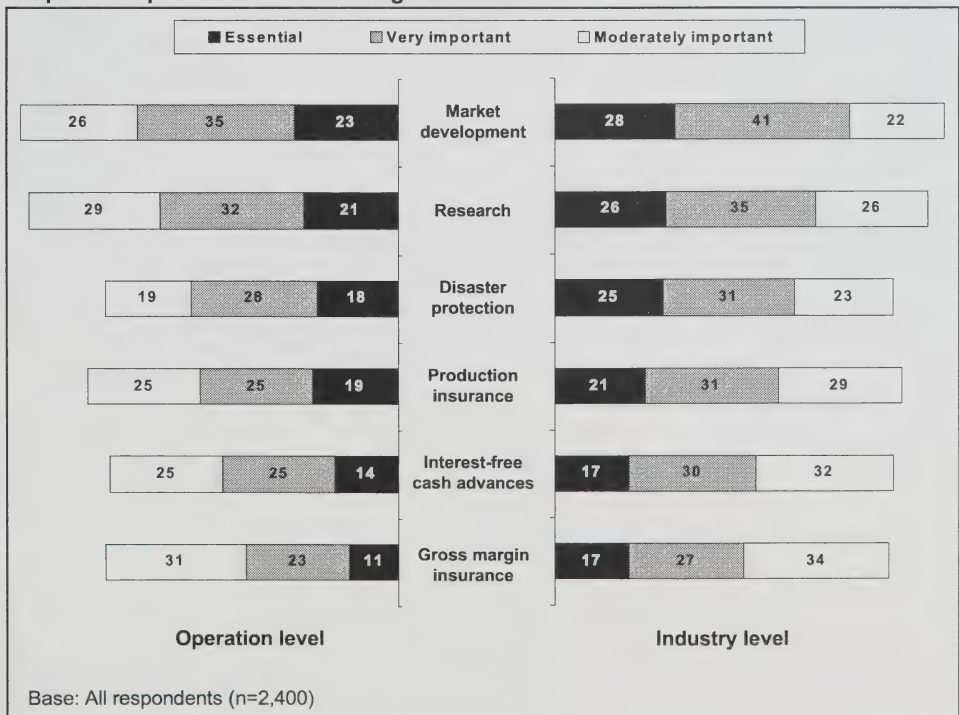
Producers were asked how important various risk management initiatives are to the future of their own operation and to the future of the agricultural industry overall. Their responses suggest that they place considerable importance on taking a market-driven approach, putting emphasis on market development and research as well as “program-related” initiatives.

Though generally consistent with responses at the operation level, all risk management initiatives receive slightly higher importance scores when examined at the industry level. Producers most often mention market development followed by research as essential activities (Graph 26).

Cash advances and gross margin insurance are less important to beef producers than producers with other farm types. Meanwhile, research is more important to horticulture producers.

Market development is least important to crop producers at the operation level. Also at the operational level, disaster protection is most important to hog producers, but this difference is not apparent at the industry level.

Graph 26: Importance of risk management initiatives



6.3 Allocation of resources

A trade-off approach was used to determine values for allocating risk management resources. Producers were asked to designate a limited hypothetical amount of money to three safety net programs before allocating resources between research and market development. Finally, producers were asked to allocate resources between safety net programs and research and market development.

Of a limited \$100 to allocate among safety net programs, producers would designate a slightly higher amount to a gross margin insurance program (38%) versus a production insurance program (35%) (Table 11). Just over one quarter of the resources (27%) would be allocated to a disaster protection program.

Producers in Saskatchewan were among the highest in allocating funds to a gross margin insurance program (43%) and a production insurance program (40%). However, they designated the least of all provinces to a disaster protection program (17%). Manitoba has a similar pattern which may be due in part to some disappointment with AIDA among producers in Manitoba and Saskatchewan. Noting the directional nature of the results, producers in Newfoundland also showed strong support for a gross margin insurance program (49%). Producers in Quebec allocated a relatively high amount to a production insurance program (39%).

When producers consider the allocation of research and market development resources, they allocate more than half the resources to market development. This allocation is true in all provinces, except Quebec (49%) and for all main farm types, except horticulture (49%) (Tables 11 and 12).

When producers consider safety net programs versus research and market development, they allocate a slightly higher proportion of resources to the former (56% versus 44%). For safety net programs, producers in Saskatchewan (62%) and Manitoba (59%), allocate the most to safety net programs while producers in New Brunswick (58%), Nova Scotia (52%), and British Columbia (51%) allocate the most to research and market development.

Table 11: Allocation of resources, by province

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Total
Unweighted	331	322	296	348	381	377	95	131	81	38	2,400
Weighted	128	573	672	253	465	234	23	25	21	5	2,400
(%)											
Allocation of safety net program resources											
Gross margin insurance	31	32	43	42	40	34	34	39	38	49	38
Disaster protection	37	34	17	24	29	27	31	31	33	22	27
Production insurance	32	34	40	34	30	39	34	30	30	29	35
Allocation of research and market development resources											
Research	47	43	44	44	48	51	46	47	48	40	45
Market development	53	57	56	56	52	49	54	53	52	60	55
Safety net programs versus research and market development											
Safety net programs	49	53	62	59	52	53	42	48	54	52	56
Research and market development	51	47	38	41	48	47	58	52	46	48	44

When considering the allocation of resources by main farm type, crop producers allocated more than others to a gross margin insurance program (40%) and a production insurance program (37%) and less than others to a disaster assistance program (22%) (Table 12).

Possibly due to existing financial conditions, crop producers (59%) and hog producers (59%) tend to allocate more funds to safety net programs than beef producers (52%) and horticulture producers (51%).

Table 12: Allocation of resources, by main farm type

	Field crops	Beef	Hogs	Horticulture	Total
Unweighted	742	749	401	508	2,400
Weighted	1,210	798	137	255	2,400
(%)					
Allocation of safety net program resources					
Gross margin insurance	40	35	37	38	38
Disaster protection	22	32	33	30	27
Production insurance	37	33	30	32	35
Allocation of research and market development resources					
Research	46	44	45	51	45
Market development	54	56	55	49	55
Safety net programs versus research and market development					
Safety net programs	59	52	59	51	56
Research and market development	41	48	41	49	44

In conclusion, existing private risk management tools and government safety net programs do help producers meet their financial requirements. For some producers however, the existence of these tools and programs may not be sufficient to allow them to continue farming.

Appendix A: Tables

Table A1: Business practices

Table A1.a: Province

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Total
Unweighted	331	322	296	348	381	377	95	131	81	38	2,400
Weighted	128	573	672	253	465	234	23	25	21	5	2,400
(%)											
Attend seminars and took training courses or home study courses											
Several times a year	26	19	18	24	31	18	25	24	33	20	22
Once a year	14	20	20	15	18	14	12	15	24	0	18
Only once in the past 2 years	9	8	9	15	12	10	12	12	9	60	10
Not in the past 2 years	51	53	52	47	38	58	50	48	33	20	49
Don't know/not sure	1	—	—	0	0	1	—	—	—	—	0
Calculate your return on investment when making capital purchases											
Several times a year	16	23	20	24	24	26	25	12	29	0	22
Once a year	23	17	28	25	23	35	25	20	29	20	24
Only once in the past 2 years	7	7	7	12	10	11	8	8	9	20	9
Not in the past 2 years	47	50	43	37	41	27	37	52	24	60	42
Don't know/not sure	7	3	2	2	2	0	4	8	9	0	2
Change farming practices											
Several times a year	11	5	10	8	8	12	22	8	15	0	9
Once a year	10	17	19	15	19	24	13	9	18	25	18
Only once in the past 2 years	11	16	20	20	19	18	13	21	13	25	18
Not in the past 2 years	65	60	50	53	54	45	52	61	54	50	54
Don't know/not sure	3	1	1	4	0	1	—	1	—	0	1
Change commodities produced (other than just rotating crops)											
Several times a year	5	3	5	4	3	4	0	0	5	0	4
Once a year	5	12	25	14	9	25	13	8	5	20	16
Only once in the past 2 years	7	16	15	16	14	13	9	8	9	0	14
Not in the past 2 years	81	69	55	62	73	55	78	84	81	60	65
Don't know/not sure	2	—	0	4	2	2	0	0	0	20	1

Table A1.b: Main farm type

	Field crops	Beef	Hogs	Horticulture
Unweighted	742	749	401	508
Weighted	1,210	798	137	255
(%)				
Attend seminars and took training courses or home study courses				
Several times a year	21	18	28	34
Once a year	21	15	15	19
Only once in the past 2 years	11	9	10	11
Not in the past 2 years	47	58	47	36
Don't know/not sure	0	0	1	—
Calculate your return on investment when making capital purchases				
Several times a year	23	21	28	21
Once a year	26	21	26	26
Only once in the past 2 years	9	7	11	10
Not in the past 2 years	41	48	31	38
Don't know/not sure	1	3	4	4
Change farming practices				
Several times a year	7	8	13	17
Once a year	20	15	18	19
Only once in the past 2 years	19	17	17	14
Not in the past 2 years	52	59	49	49
Don't know/not sure	2	1	3	1
Change commodities produced (other than just rotating crops)				
Several times a year	4	3	3	5
Once a year	22	10	9	14
Only once in the past 2 years	16	12	12	11
Not in the past 2 years	57	73	74	69
Don't know/not sure	1	1	2	1

Table A2: Use of experts and related services**Table A2.a: Province**

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Total
Unweighted	331	322	296	348	381	377	95	131	81	38	2,400
Weighted	128	573	672	253	465	234	23	25	21	5	2,400
(%)											
Resource people, like agriculture specialists											
Several times a year	27	31	37	38	31	50	38	40	50	75	35
Once a year	15	17	25	16	16	22	25	16	9	25	19
Only once in the past 2 years	3	9	7	8	7	10	4	12	4	0	8
Not in the past 2 years	53	43	31	37	45	18	33	32	36	0	37
Don't know/not sure	1	—	0	1	0	1	—	—	—	—	0
Custom services, like spaying, harvesting, feeding											
Several times a year	17	30	27	44	41	23	12	24	14	0	31
Once a year	12	21	26	24	23	21	17	24	29	0	23
Only once in the past 2 years	5	11	13	7	6	5	4	4	4	—	9
Not in the past 2 years	65	39	35	24	30	51	67	48	52	75	37
Don't know/not sure	1	—	—	0	0	0	—	—	—	25	0
Production or marketing consultants											
Several times a year	8	18	23	25	22	27	13	16	5	0	21
Once a year	5	8	10	7	8	21	4	8	9	0	9
Only once in the past 2 years	3	4	5	5	3	5	0	8	5	25	4
Not in the past 2 years	83	70	62	62	66	47	83	68	81	75	65
Don't know/not sure	0	—	1	2	0	1	—	—	1	0	1
Farm business management specialists											
Several times a year	7	11	11	11	10	19	13	8	14	0	12
Once a year	4	8	10	10	16	18	9	8	27	0	11
Only once in the past 2 years	3	4	4	6	5	7	4	4	4	25	5
Not in the past 2 years	85	76	75	72	68	56	74	79	54	75	72
Don't know/not sure	0	0	—	1	—	1	—	0	—	—	0

Table A2.b: Main farm type

	Field crops	Beef	Hogs	Horticulture
Unweighted	742	749	401	508
Weighted	1,210	798	137	255
(%)				
Resource people, like agriculture specialists				
Several times a year	34	31	40	51
Once a year	23	14	18	17
Only once in the past 2 years	6	10	6	7
Not in the past 2 years	36	44	35	25
Don't know/not sure	0	0	2	1
Custom services, like spaying, harvesting, feeding				
Several times a year	35	27	41	21
Once a year	26	20	18	18
Only once in the past 2 years	11	9	3	4
Not in the past 2 years	29	44	37	56
Don't know/not sure	0	—	2	1
Production or marketing consultants				
Several times a year	24	14	38	17
Once a year	10	8	12	10
Only once in the past 2 years	5	3	5	4
Not in the past 2 years	61	74	44	68
Don't know/not sure	1	0	1	1
Farm business management specialists				
Several times a year	11	10	23	12
Once a year	11	10	15	13
Only once in the past 2 years	5	5	7	5
Not in the past 2 years	72	75	53	71
Don't know/not sure	0	0	1	0

Table A3: Risk factors**Table A3.a: Province**

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Total
Unweighted	331	322	296	348	381	377	95	131	81	38	2,400
Weighted	128	573	672	253	465	234	23	25	21	5	2,400
	(%)										
Price	85	96	99	99	94	91	96	84	95	80	95
Production	85	91	96	94	89	87	91	92	91	100	91
Personal safety and health	43	66	57	62	64	52	52	60	57	25	60
Environmental	48	62	49	50	57	57	65	52	69	20	55
Credit	37	55	59	61	40	49	48	40	45	25	52
Market acceptance of GMO products	26	44	50	57	45	35	32	24	33	40	45
Loss due to wildlife damage	46	40	36	30	42	32	22	40	19	60	38
Labour problem	27	26	25	30	18	39	52	44	35	20	27

Table A3.b: Main farm type

	Field crops	Beef	Hogs	Horticulture	Total
Unweighted	742	749	401	508	2,400
Weighted	1,210	798	137	255	2,400
	(%)				
Price	99	94	99	85	96
Production	93	90	87	92	92
Personal safety and health	60	61	61	50	60
Environmental	52	57	63	54	55
Credit	54	50	63	41	52
Market acceptance of GMO products	56	35	45	26	45
Loss due to wildlife damage	35	43	26	47	38
Labour problem	27	17	32	51	26

Table A3.c: 1998 farm sales

	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and over	Total
Unweighted	625	506	619	344	200	2,400
Weighted	722	849	495	164	67	2,400
	(%)					
Price	91	97	96	97	97	95
Production	87	91	93	92	96	91
Personal safety and health	54	59	65	59	69	60
Environmental	54	51	57	65	63	55
Credit	50	48	58	56	67	52
Market acceptance of GMO products	38	45	49	53	48	45
Loss due to wildlife damage	38	37	41	36	32	38
Labour problem	27	20	29	37	51	26

Table A4: Availability of private risk management tools**Table A4.a: Province**

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Total
Unweighted	331	322	296	348	381	377	95	131	81	38	2,400
Weighted	128	573	672	253	465	234	23	25	21	5	2,400
(%)											
Production or forward contracts	22	56	69	76	60	20	17	17	47	20	56
Basis contracts	14	44	58	65	52	13	13	13	24	0	46
Futures for hedging outputs	14	45	51	62	51	9	13	9	32	0	44
Futures for hedging inputs	10	30	36	44	40	8	9	9	20	0	31
Commodity options	14	41	49	54	47	12	12	16	29	0	41

Table A4.b: Main farm type

	Field crops	Beef	Hogs	Horticulture	Total
Unweighted	742	749	401	508	2,400
Weighted	1,210	798	137	255	2,400
(%)					
Production or forward contracts	71	45	56	22	56
Basis contracts	62	32	43	17	46
Futures for hedging outputs	54	38	44	11	44
Futures for hedging inputs	39	27	35	11	31
Commodity options	53	32	38	13	41

Table A4.c: 1998 farm sales

	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and over	Total
Unweighted	625	506	619	344	200	2,400
Weighted	722	849	495	164	67	2,400
(%)						
Production or forward contracts	14	29	42	47	46	30
Basis contracts	9	16	28	36	36	19
Futures for hedging outputs	8	8	14	27	29	11
Futures for hedging inputs	6	7	9	10	15	7
Commodity options	5	9	14	18	19	10

Table A5.a: Province

Table A6: Importance of risk management tools

Table A6.a: Province

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Total
	(%)										
Essential	11	10	8	11	21	16	20	—	33	—	12
Very important	13	27	25	23	27	38	60	—	33	—	26
Moderately important	40	39	43	32	39	39	20	50	33	—	40
Slightly important	13	19	15	16	10	7	—	50	—	—	15
Not at all important	23	5	8	6	2	—	0	—	—	—	6

n = 942

Table A6.b: Main farm type

	Field crops	Beef	Hogs	Horticulture	Total
	(%)				
Essential	11	10	15	24	12
Very important	26	25	32	29	26
Moderately important	41	39	32	21	40
Slightly important	14	22	12	15	15
Not at all important	6	4	7	11	6

n = 944

Table A6.c: 1998 farm sales

	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and over	Total
	(%)					
Essential	16	11	10	13	24	12
Very important	26	20	30	35	35	26
Moderately important	42	43	39	36	26	40
Slightly important	9	18	16	10	12	15
Not at all important	9	8	3	4	2	6

n = 933

Table A7: Short-term financing**Table A7.a: Province**

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Total
	(%)										
Used short-term financing (n = 2,385)											
Yes	46	71	74	68	60	60	65	63	68	39	67
No	54	29	26	32	40	40	35	37	32	61	33
Re-financed short-term credit for longer time (n = 1,592)											
Yes	21	23	31	31	17	26	40	25	21	0	26
No	79	77	69	69	82	74	60	75	79	100	74

Table A7.b: Main farm type

	Field crops	Beef	Hogs	Horticulture	Total
	(%)				
Used short-term financing (n = 2,387)					
Yes	68	67	67	61	67
No	32	33	33	39	33
Re-financed short-term credit for longer time (n = 1,595)					
Yes	27	24	36	20	26
No	73	76	62	79	74

Table A7.c: 1998 farm sales

	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and over	Total
	(%)					
Used short-term financing (n = 2,371)						
Yes	61	64	75	79	84	67
No	39	36	25	21	16	33
Re-financed short-term credit for longer time (n = 1,581)						
Yes	27	26	25	24	30	26
No	73	75	75	76	70	74

Table A8: Sources of off-farm income**Table A8.a: Province**

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Total
Unweighted	331	322	296	348	381	377	95	131	81	38	2,400
Weighted	128	573	672	253	465	234	23	25	21	5	2,400
(%)											
Off-farm income	87	78	76	79	84	62	83	88	76	80	78
Off-farm employment											
Producer only	20	18	13	18	21	21	13	32	25	20	18
Producer <u>and</u> other family members	13	11	18	16	19	6	17	12	10	20	15
Other family members only	18	22	16	21	15	13	22	12	25	0	18
Total (off-farm employment)	52	51	48	55	55	39	52	56	60	40	50
Other sources of income											
Investment /pension income	29	23	24	30	29	10	26	28	15	20	24
Custom work	12	18	15	14	20	11	9	12	11	0	16
Government transfer payments	19	18	17	8	13	9	9	32	19	25	15
None	13	21	24	21	16	38	17	12	24	20	22

Table A8.b: Main farm type

	Field crops	Beef	Hogs	Horticulture	Total
Unweighted	742	749	401	508	2,400
Weighted	1,210	798	137	255	2,400
(%)					
Off-farm employment					
Producer only	17	19	12	19	17
Producer <u>and</u> other family members	17	14	7	12	15
Other family members only	17	18	19	19	18
Total (off-farm employment)	51	52	39	50	50
Other sources of income					
Investment/pension income	28	21	10	25	24
Custom work	16	18	11	9	16
Government transfer payments	16	14	9	17	15
None	21	19	41	26	22

Table A8.c: 1998 farm sales

	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and over	Total
Unweighted	625	506	619	344	200	2,400
Weighted	722	849	495	164	67	2,400
(%)						
Off-farm employment						
Producer only	26	19	14	6	5	18
Producer <u>and</u> other family members	22	14	13	10	4	15
Other family members only	14	17	25	16	18	17
Total (off-farm employment)	62	50	51	32	28	50
Other sources of income						
Investment/pension income	24	26	24	19	15	24
Custom work	11	14	22	24	15	16
Government transfer payments	17	17	13	9	4	15
None	12	21	24	39	50	22

Appendix B: Questionnaire

05-0284-45
November 12, 1999

Interviewer note: Before starting the survey, determine which programs the participant is eligible to participate in, given their location (see table in Part 5), then refine once you learn their main farm type (see Part 2, Q1A or Q1B).

Part 1: Introduction

Hello, my name is _____ and I am calling from the Angus Reid Group, an agricultural market research firm. We are conducting an important survey on behalf of Agriculture and Agri-Food Canada, asking about issues facing Canadian farmers.

(READ ONLY IF GETTING SOME RESISTANCE FROM RESPONDENT: "We have tested the survey for length and farmers have appreciated being able to give their feedback. In fact, many producers feel it is very important that their views be heard. Let me assure you that we are not selling anything and your identity will be confidential.")

(READ ONLY IF RESPONDENT WAS RECENTLY SURVEYED BY ANGUS REID GROUP: "I realize that you may have recently completed a survey with Angus Reid Group, but given the national importance of this research, we wanted to make sure all farmers have the opportunity to have their opinions heard.")

- A. Are you the main/joint farm operator concerning your farm operation?
- Yes
 - Joint
 - No

Interviewer note: A farm OPERATOR is an individual responsible for the day-to-day operation of the farm who participates in the decisions to borrow money; to rent, buy or sell assets; and to reduce debts. An operation may have more than one operator but only one questionnaire is to be completed for each operation.

Continue if "no", otherwise skip to Survey Provisions.

B. *May I speak to the person who makes these decisions?*

- Yes
- No, not available now
- No, not interested

Continue if “yes” or schedule callback if “not available”, otherwise thank and terminate.

C1. *For how many years have you been the main/joint decision-maker concerning your farm operation?*

C2. *In 1999, how many operators, 18 years or over, were responsible for running this farm?*

Survey Provisions

Agriculture and Agri-Food Canada requires the information for this survey for the purpose of refining its programs and its communication with Canadian farmers. Provision of the information is voluntary and you may, without prejudice, choose not to respond.

Personal information is protected under provisions of the privacy act and will be stored in Personal Information Bank AAFC.

Summary information may be accessible or protected as required under the provisions of the Access to Information Act.

Part 2: Farm operation

As this is a national survey of Canadian farmers we need representation from different farm types. I would like to ask a few questions about your farm before we start.

- D. In 1998, did your farm receive \$10,000 or more in “gross” farm revenue, including government payments but before any deductions?
- Yes
 - No

Continue if ‘yes’, otherwise thank and terminate.

Interviewer note: Throughout the questionnaire, we refer to Part 2: Q1A or Q1B. We want to capture answers to questions referring to the different programs available to farmers, which vary according to province and commodity/farm operation. We want answers to questions about the different programs only from farmers that are eligible, familiar and, in some cases, participate in the programs. They are eligible if they produce the commodity and are in the province specified in Part 5.

- 1A. *And what types of production do you have on your operation?* (Read list – record all mentions – info in brackets for interviewer use, read for clarification only.)
- Field Crops (e.g., cereals, oilseeds, pulse crops, tame hay, row crops, tobacco, potatoes, sugar beets, other field crops)
 - Dairy
 - Poultry (e.g., hens, chickens, turkeys, chicks, game birds, eggs, other)
 - Cattle (e.g., cow/calf, backgrounding, feedlot)
 - Pigs (e.g., farrow-to-finish, weanlings, finishing)
 - Other Livestock (e.g., sheep, bison, horses, Llamas, ostrich, etc.)
 - Horticulture (e.g., fruits, nuts, vegetables, greenhouse, nursery, etc.)
 - Other (specify) (e.g., Christmas trees, woodlots, mushrooms, sod, honey, maple syrup, etc.)

Ask Q1B if more than one mentioned in Q1A.

If sample quota for farm type in Q1A is not filled:

skip to Q1C if Quebec + Fields Crops in 1A OR

skip to Q1D if Cattle in 1A OR

skip to Q1E if Other Livestock in 1A OR

skip to Q1F if Quebec + Horticulture in 1A OR

otherwise skip to Q2

1B. *And what normally contributes most to your farm receipts each year? (If unsure ask: Which is likely to contribute most to your farm receipts this year?—Record.)*

Interviewer note We need to determine “main farm type” and we are not looking for precise numbers. The respondent’s own estimate is better than any other.

Thank and terminate¹ if Dairy or Poultry contributes most in Q1A or Q1B, otherwise continue.

Thank and terminate² if quota for farm type in Q1A or Q1B is full, otherwise continue.

Ask Q1C if Quebec producers and Field Crops contribute most in Q1A or Q1B; otherwise skip to Q1D.

1C. *Do you grow potatoes for any of the following purposes? (Read list—record all mentions.)*

- Processing
- Seed or table

Ask Q1D if Cattle contribute most in Q1A or Q1B; otherwise skip to Q1E.

1D. *What contributes most to your cattle operation? Is it...? (Read list—record one only.)*

- Cow/calf
- Backgrounding
- Feedlot

Ask Q1E if Other Livestock contribute most in Q1A or Q1B; otherwise skip to Q1F.

1E. *What contributes most to your livestock operation? (Do not read list—record one only.)*

- Sheep
- Horses
- Goats
- Bison
- Ostrich
- Llamas
- Other (specify)

Ask Q1F if Quebec producers and Horticulture contribute most in Q1A or Q1B; otherwise skip to Q2.

1F. *Do you grow apples?*

- Yes
- No

Continue if more than one farm type in Q1A; otherwise skip to Q3A.

-
1. Termination: “This study focuses on safety net programs designed for types of production that are not covered by supply management.”
 2. Termination: “I’m sorry, but our quota is full for your type of farm operation.”

2. *And, approximately what percentage of your gross farm sales comes from... (Main farm type in Q1A or Q1B) each year? How about from...? (Other types of production mentioned in Q1A.) (Record for all types of production mentioned in Q1A; Q2 should equal 100%.)*

Interviewer note: The respondent's own estimate is better than any other.

- _____ % Field Crops
- _____ % Dairy
- _____ % Poultry
- _____ % Cattle
- _____ % Pigs
- _____ % Other Livestock
- _____ % Horticulture
- _____ % Other

3. *Thinking about the way that you operate your farm, how frequently did you do each of the following in the past 2 years: Did you...? (Read list, one at a time) Is that...? (Read rating.) What about...?*

- Attend seminars and took training courses or home study courses.
- Change farming practices
- Change commodities produced (other than just rotating crops)
- Calculate your return on investment when making capital purchases.
- Not in the past 2 years
- Only once in the past 2 years
- Once a year (annually)
- Several times a year

4. *And how frequently did you use each of the following in the past 2 years:...? (Read list, one at a time.) Is that...? (Read rating.) What about...?*

- Custom services, like spraying, custom harvesting, custom feeding, etc.
- Farm business management specialists
- Production or marketing consultants
- Other resource people, like agriculture extension specialists
- Not in the past 2 years
- Only once in past 2 years
- Once a year (annually)
- Several times a year

Part 3: Risk factors affecting farm operation

Now, I'd like to discuss risk factors that may have affected your farming operation over the past two years.

1A. *Farmers deal with many risk factors. Which of the following types of risk is of concern to you in terms of its impact on your farm financial situation? Is it...? (Read list, randomize, record Y/N for each. Note: do one risk at a time.) Any other risks?*

- Production risk (weather, diseases, pests, etc. resulting in decreased output)
 - Price risk (falling market prices, unstable market prices or operating costs)
 - Environmental risks (Decreased air, soil or water quality; cost of conforming to new environmental laws; risk of lawsuits)
 - Risk of loss due to wildlife damage
 - Personal safety and health risks
 - Labour problem risks (supply, qualifications, productivity, etc.)
 - Credit risk (availability, interest rates, rates fluctuations)
 - Risk associated with market acceptance of GMO (or genetically modified) products
 - Other (specify)
-
- Yes
 - No

Continue if any factors are of concern in Q1A; otherwise skip to Part 4.

1B. *Of the concerns that you mentioned (Read concerns mentioned in Q1A.), what is your biggest concern? Your second biggest concern? And your third biggest concern?*

2. *Thinking about price risk in particular, that is, depressed or unstable cash market prices, unstable futures market prices, increasing operating costs, etc., what impact, if any, has price risk had on your farm financial situation in the past two years? (Read list, randomly reverse order.)*

- No negative impact
- Less than 25% reduction in net income
- 25% to 50% reduction in net income
- 50 to 75% reduction in net income
- More than a 75% reduction in net income
- Reduced net income to zero or negative

Skip to Q4 if no negative impact; otherwise continue.

3. *And what have you done to deal with this reduction in net income? Anything else?*
(Do not read list.)

- Increased debt to cover operating costs for the year
- Left some bills unpaid for longer periods of time
- Sold off assets like land, equipment, or breeding stock
- Increased reliance on off-farm income
- Delayed major farm investments
- Reduced input use
- Lowered your family's standard of living
- Watched your equity or net worth go down
- Other (specify)

- Yes
- No

Part 4: Private risk management tools

Next, I'd like to discuss risk management tools that you may use to manage price and production risks on your farm operation.

1A. *Which of the following have you used on your farm operation in the past two years?*
(Read list, record all mentions.)

- Rented lands
- Rented breeding stock rentals
- Risk-sharing leases (e.g. crop-share, calf-share, etc.)
- Hired custom work
- None of these

1B. *And which of the following tools are available to you for managing risks on your farm operation? That is, available either locally, by phone, or via the Internet.* (Read list, record all responses.)

- Production or forward contracts
- Futures for hedging outputs
- Futures for hedging inputs
- Commodity options
- Basis contracts

Continue if risk management tool is available in Q1B; otherwise skip to Q4.

- 2A. *In the past two years, have you used... (Tools mentioned in Q1B.) for managing risks associated with your... (Main farm type in Part 2: Q1A or Q1B.) operation?* (Record Y/N for each available tool in Q1B.)

Interviewer note: Ask only for “available” tools in Q1B; read list one at a time.

- Production or forward contracts
 - Futures for hedging outputs
 - Futures for hedging inputs
 - Commodity Options
 - Basis contracts
-
- Yes
 - No

Continue if risk management tools used in Q2A; otherwise skip to Q4.

- 2B. *On average, approximately what proportion of your total... (Main farm type in Part 2: Q1A or Q1B.) production did you cover using... (Tools used in Q2A) in the past two years?* (Record percentage or convert portion to percentage.)

Interviewer note: Responses are not expected to add up to 100%.

- ____% Production or forward contracts
- ____% Futures for hedging outputs
- ____% Futures for hedging inputs
- ____% Options
- ____% Basis contracts

- 2C. *How important are risk management tools like production contracts, futures and options in helping you meet your financial requirements? Are they...?* (Read list.)

- Essential
- Very important
- Moderately important
- Slightly important
- Not at all important

Continue if a tool mentioned in Q1B is not used in Q2A; otherwise skip to Q4.

3. *Why have you **not** used...? (Tools mentioned in Q1B.) Any other reasons? (Do not read list, record all mentions.)*
- No opportunity for financial gain
 - Not comfortable using it
 - Don't know how it works
 - Never considered using it before
 - Never needed to use it
 - It does not work for my operation
 - Nobody interested in providing the service
 - Higher risk than the cash market
 - Higher risk than other tools
 - Can't make any money using it
 - Cost was too high
 - Other (specify)
- 4A. *Producers often use external financing to manage their cashflow requirements. In the last two years, did you use short term financing for your farm operation?*
- Yes
 - No

Continue if yes in Q4, otherwise skip to Part 5.

- 4B. *And which category best describes the highest level of your short term financing (operating credit) this year, that is 1999? Was it above or below \$100,000? Just tell me to stop when I reach the correct category. (Read portion of list that corresponds with response—record one only.)*
- Less than \$10,000
 - \$10,000 - \$24,999
 - \$25,000 - \$49,999
 - \$50,000 - \$74,999
 - \$75,000 - \$99,999
 - \$100,000 - \$149,999
 - \$150,000 - \$199,999
 - \$200,000 - \$249,999
 - \$250,000 - \$299,999
 - \$300,000 - \$399,999
 - \$400,000 - \$499,999
 - \$500,000 and over
5. *At any time in the last two years, did you refinance your short term credit for a longer period of time?*
- Yes
 - No

Part 5: Program evaluations (NISA, AIDA, Crop Insurance, Government Cash Advance, Provincial Programs)

Interviewer note: Use province and commodities produced information (Part 2: Q1A – in Quebec, also check Q1C, Q1E and Q1F) to determine program eligibility.

Ask questions in this section only for each program participant is eligible below.

Program	Province	Production type
NISA (<i>neesa</i>)	Sask./Man./Ont./N.B./N.S./P.E.I./Nfld.	All
	Que.	Horticulture ^a / processing potatoes/honey
	B.C./Alta.	Crops/hogs/horticulture
AIDA (<i>aid a</i>)	Sask./Man./Que./N.B./N.S./Nfld.	All
AIDA-equivalent		
Whole Farm Income	B.C.	All
Farm Income Disaster	Alta.	All
Whole Farm Relief	Ont.	All
Agriculture Disaster Income	P.E.I.	All
Not AIDA-equivalent		
Market Revenue Insurance Plan	Ont.	Crops
Self-Directed Risk Management	Ont.	Horticulture
Assurance-stabilisation des revenus agricoles (ASRA)	Que.	Crops/beef/hogs/sheep/ apples, seed/table potatoes
Government Cash Advance	All provinces	Crops/horticulture
Crop Insurance	All provinces	Crops/horticulture

a. Except apples and seed and table potatoes.

Next, I'd like to ask about government safety net or risk management programs that may be available to you.

1A. Which financial assistance or safety net programs, if any, are you aware of? Any others? (Record first and other mentions.)

Continue if programs not mentioned in Q1A, otherwise skip to Q2.

1B. *Are you familiar with...?* (Read programs not mentioned in Q1A which respondent is eligible to participate – randomize – record all mentions.)

PROGRAM

- NISA
- Crop insurance
- Government Cash advance
- AIDA

Interviewer note: Clarify Canadian Wheat Board (CWB) Initial Payment versus Cash Advance. We are only interested in the Cash Advance.

Cash Advance: Money that is advanced for an interest-free period till the producer makes delivery.

Canadian Wheat Board (CWB) Initial Payment: Money that producers collect after delivery of crop.

In Newfoundland, Nova Scotia, New Brunswick, Manitoba, Saskatchewan, and Quebec

AIDA-equivalent

In Prince Edward Island only:

Agricultural Disaster Insurance Program

In Ontario only:

Ontario Whole Farm Relief Program

In Alberta only:

Farm Income Disaster Program (FIDP)

In British Columbia only:

Whole Farm Insurance Program

Not AIDA-equivalent

Quebec and field crops, pigs, cattle, sheep, apples, seed/table potatoes in Part 2, Q1A or Q1B:

Assurance-stabilisation des revenus agricoles (ASRA)

In Ontario only:

Field Crops: Market Revenue Insurance Plan

Horticulture: Self-Directed Risk Management

****Continue if “familiar” with at least one program in Q1A or Q1B; otherwise skip to Part 6.**

Continue if “familiar” with NISA in Q1A or Q1B, otherwise skip to Q11.

2. *Now, I'd like to discuss the NISA program. In which of the following years have you made deposits into your NISA account?*

- 1998
- 1999
- Have a NISA account but did not make a deposit in the last two years
- Do not have a NISA account

Skip to Q4 if deposit made in 1998 or 1999.

Ask Q3 if “NISA account but did not deposit” in Q2, then skip to Q5.

Ask Q3 if “no NISA account” in Q2, then skip to Q11.

3. *Why not?* (Do not read list—record first and other mentions.)

- Did not receive adequate gross income to make a deposit
- Did not have sufficient finances available to make a deposit
- Not sure how to make a deposit
- Not sure how NISA works
- Re-invested into the farm instead of NISA
- Made other non-farm investments instead of NISA
- Do not consider myself eligible for the program
- I do not believe in the program
- Use other government programs

Continue if “deposit made in 1998 or 1999” in Q2, otherwise skip to Q5.

4. *And, to what extent do you agree with each of the following: Do you consider NISA to be...? (Read statement.) Do you...? (Read rating, record only one.)*

- A tool for managing your cash flow
- A tool to be used for securing financing
- A tool for saving for my retirement

- strongly agree
- moderately agree
- slightly agree
- not agree at all

5. *In which of the last two years have you withdrawn money from your NISA account?*
- 1998
 - 1999
 - Have not withdrawn in past two years

Continue if “have not withdrawn” in Q5 then skip to Q10; otherwise skip to Q7.

6. *Why did you decide not to withdraw money from your NISA account?* (Do not read – record first and other mentions.)
- Did not trigger a withdrawal/not eligible to withdraw
 - Balance not sufficient to meet my cashflow requirements
 - Didn’t need it/farm financial situation improved
 - Deferred planned investments or farm expenditures
 - Use off-farm income to meet financial needs
 - Use other sources of financing first
 - Use another government program
 - Expect to have a greater need for it in the future
 - Keeping/waiting for retirement
 - Not sure how to make the withdrawal
 - Other (specify)

Continue if 1998 or 1999 in Q5; otherwise skip to Q10.

7. *Which of the following contributed to your decision to withdraw money from your NISA account?* (Read list, randomize, record all mentions.) *Any other contributor?*
- Lack of cash flow
 - Low commodity prices
 - Declining equity
 - High operating costs
 - High input costs
 - I had used up other sources of financing
 - Other (specify)
8. *Did you withdraw the full amount or a partial amount of the NISA withdrawal you were entitled to?* (Do not read list – record one only.)
- Full
 - Partial
 - Don’t know the amount entitled to

Continue if “partial amount” in Q8, otherwise skip to Q10.

9. *What prevented you from withdrawing the full amount from your NISA entitlement? (Do not read list—record first and other mentions.) Any other factors?*
- Income tax implications (fiscal implications)
 - Balance not sufficient to meet my cashflow requirements
 - Didn't need it/farm financial situation improved
 - Used off-farm income to meet financial needs
 - Used alternate financing sources first and top up with NISA
 - Used another government program
 - Deferred planned personal investments
 - Deferred planned farm expenditures
 - Expect to have a greater need for it in the future
 - Not sure what the full amount is
 - Saving some for retirement
 - Other (specify)
10. *How important is NISA in helping you meet your financial requirements? Is it...?* (Read list—record one only.)
- Essential
 - Very important
 - Moderately important
 - Slightly important
 - Not at all important

Continue if "familiar" with AIDA or AIDA-equivalent program in Q1A or Q1B, otherwise skip to Q13.

- 11A. *Now I'd like to discuss... (AIDA or AIDA-equivalent program from Q1A or Q1B.) Have you, or someone on your behalf, completed the calculation to determine if you would receive a payment through... (AIDA or AIDA-equivalent program from Q1A or Q1B.) for the 1998 calendar year?*
- Yes
 - No

Continue if "no" in Q11A; otherwise skip to Q11C.

- 11B. *Why not?* (Do not read list—record first and other mentions.)
- Was told I would not receive a payment
 - Did not expect to receive a payment
 - Not sure how the program works
 - Do not consider myself eligible for the program
 - I do not believe in the program
 - Use other government programs
 - Others (specify)

11C. *Do you think you will complete the calculation for the 1999 calendar year?*

- Yes
- No
- Don't know

Continue if “not considered eligible” is not mentioned in Q11B; otherwise skip to Q12A.

11D. *While you may not qualify for an AIDA payment do you consider yourself eligible to apply for...? (AIDA or AIDA-equivalent program from Q1A or Q1B.)*

- Yes
- No
- Don't know

Continue if “yes” in Q11A; otherwise skip to Q13.

12A. *Have you or will you receive a payment through... (AIDA or AIDA-equivalent program for which respondent has answered “yes” in Q11A.) for the 1998 calendar year?*

- Have received payment
- Will receive payment
- Will not receive payment
- Unsure

Continue if payment received or will be received in Q12A; otherwise skip to Q13.

12B. *How important is... (AIDA or AIDA-equivalent program from Q1A or Q1B.) in helping you meet your financial requirements? Is it...? (Read list—record one only.)*

- Essential
- Very important
- Moderately important
- Slightly important
- Not at all important

Continue if “familiar” with Crop Insurance, Government Cash Advance, Quebec or Ontario provincial programs in Q1A or Q1B; otherwise skip to Q15.

13A. *In which of the last two years, if at all, did you receive or expect to receive a payment through...? (Read program that they are aware of from Q1A or Q1B, one at a time.)*

Interviewer note: Ask one program at a time.

PROGRAMS

- Crop insurance
- Government Cash Advance
- Market Revenue Program (*In Ontario only*)
- Self-Directed Risk Management (*In Ontario only*)
- ASRA (Assurance-stabilisation des revenus agricoles) (*In Quebec, crops, cattle, pigs, seed/table potatoes, apples, or sheep only*)

- 1998
- 1999
- No payments received
- Do not participate in this program

Continue if Quebec and payment received in 1998; otherwise skip to Q13C.

13B. *For which commodities was the payment received?*

Continue if Quebec and payment received in 1999; otherwise skip to Q14.

13C. *For which commodities was the payment received?*

Continue if payment received at least once in Q13A; otherwise skip to Q15.

14. *How important is... (Read program.) in helping you meet your financial requirements? Is it...? (Read list—record one only.)*

- Essential
- Very important
- Moderately important
- Slightly important
- Not at all important

Continue if any withdrawals in Q5, payments received or expected in Q12A, or received in Q13A; otherwise skip to Part 6.

15. *What, if anything, did government program payments (including NISA, AIDA or AIDA-equivalent, crop insurance, cash advance or provincial programs) do for your farming operation? Did they...?* (Read list, randomize, record Y/N for each choice.)
- Stabilise your farm income
 - Cover your losses or operating expenses
 - Facilitate credit access
 - Prevent you from going out of business
 - Facilitate new on-farm investments
 - Reduce the need for borrowing
 - Have little affect on your financial situation

Part 6: Program trade-off

1. *Government programs can be used for managing income risk or farmer can manage income risk themselves. In your view, do you think producers should be able to...?* (Read statement, randomly reverse order, record one only.)
- Rely on government programs to manage all income risk
 - Rely on government programs to manage most income risk
 - Manage most of their income risk themselves
 - Manage all of their income risk themselves
- 2A. *Thinking about the future of your own operation, how important is each of the following types of risk management programs? Is/are...?* (Read type of program, randomize, read rating.)
- Interest-free cash advances
 - Insurance on yields (Crop insurance, livestock)
 - Gross margin insurance (NISA)
 - Research
 - Market development
 - Disaster protection (AIDA)
 - Essential
 - Very important
 - Moderately important
 - Slightly important
 - Not at all important
- 2B. *And, thinking about the future of the agriculture industry overall, how important are each of the following...?* (Read type of program – randomize) *Is...?* (Read rating.)
- See list above
 - See rating above

Scriptwriter note: Prompt once if totals do not add to \$100.

Ask Q3 then skip to Q5B if Quebec and “main farm type” (Q1A or Q1B) is ‘crops’, ‘beef’, ‘pigs’, ‘sheep’ (Q1E), or ‘horticulture—excluding seed/table potatoes’ (Q1C), or ‘apples’ (Q1F); otherwise skip to Q4.

3. *Now, suppose you were asked to make a recommendation on the amount of money that is allocated to...? (Read list—randomize.) For example, if \$100 was available, you might split it up equally giving each program about \$33, or you might allocate the total \$100 to one program and nothing to the others, or any combination.*

If it were your decision to make and you had \$100 to allocate different risk management programs, how much would you spend on... (Read first program mentioned.), how much would you spend on... (Read second program mentioned.), and how much would you spend on... (Read third program mentioned.)?

- A program like ASRA/NISA
- A disaster protection program like (AIDA or AIDA-equivalent)
- A yield or production insurance program, like Crop Insurance

Ask Q4 then skip to Q5B if Alberta/B.C. and ‘Main Farm Type’ (Q1A or Q1B) is ‘cattle’; otherwise skip to Q5A.

4. *Now, suppose you were asked to make a recommendation on the amount of money that is allocated to... (Read list—randomize.) For example, if \$100 was available, you might split it up equally giving each program about \$50, or you might allocate the total \$100 to one program and nothing to the other, or any combination.*

If it were your decision to make and you had \$100 to allocate different risk management programs, how much would you spend on... (Read first program mentioned.), how much would you spend on... (Read second program mentioned.), and how much would you spend on... (Read third program mentioned.)?

- A disaster protection program like (AIDA or AIDA-equivalent)
- A yield or production insurance program, like Crop Insurance

Complete Q5A for all respondents who did not complete Q3 or Q4.

- 5A. *Now, suppose you were asked to make a recommendation on the amount of money that is allocated to... (Read list—randomize.) For example, if \$100 was available, you might split it up equally giving each program about \$33, or you might allocate the total \$100 to one program and nothing to the others, or any combination.*

If it were your decision to make and you had \$100 to allocate different risk management programs, how much would you spend on... (Read first program mentioned.), how much would you spend on... (Read second program mentioned.), and how much would you spend on... (Read third program mentioned.)?

- A gross margin insurance program like NISA
- A yield or production insurance program, like Crop Insurance

- 5B. *If you had another \$100 for ...* (Read list—randomize.) *How much would you allocate to...?* (First mentioned.) *And how much would you allocate to...?* (Second mentioned.)
- Research
 - Market development
- 5C. *Finally, if you had \$100 to split between two general areas, risk management programs, (NISA, AIDA or AIDA-equivalent, Crop Insurance) or research and development programs, how much would you put towards...?* (Read list—randomize.) *And how much would you put towards...?* (Second choice.)
- Risk Management Programs
 - Research and Development Programs

Part 7: Demographics

Thank you for assisting us in this study. I have additional questions that will help us group your answers with those of other producers.

1. *First, how would you classify your farm operation?* (Read list—record one only.)
- Sole proprietorship
 - Corporation
 - Partnership
 - Cooperative or communal operation (e.g., Hutterite colony)
 - Other (specify)
- 2A. *What is the highest level of formal education that you have completed?* (Read list.)
- Grade school or some high school
 - Complete high school
 - Technical, post-secondary, including Ag. Diploma
 - Some University degree program
 - Complete University degree program
 - Post graduate degree

Continue if “technical” or higher, otherwise skip to Q3.

- 2B. *Have you completed an Agriculture degree or diploma program, or both?* (Record all mentions.)
- Agriculture degree
 - Agriculture diploma
3. *And in what year were you born?*
4. *What are the three first characters of your postal code?*

5. *In the next five years do you plan to...* (Read list—randomize—record only one.)
your farm operation?
- Increase
 - Maintain
 - Decrease
6. *Do you plan to retire from farming in the next five years?*
- Yes
 - No
 - Don't know
7. *Which sales category would best describe your total farm sales in 1998, including government payments, but before deductions? Were your total farm sales above or below \$250,000? Just tell me to stop when I reach the correct category.* (Read portion of list that corresponds with response—record one only.)
- Less than \$10,000
 - \$10,000 - \$24,999
 - \$25,000 - \$49,999
 - \$50,000 - \$74,999
 - \$75,000 - \$99,999
 - \$100,000 - \$149,999
 - \$150,000 - \$199,999
 - \$200,000 - \$249,999
 - \$250,000 - \$299,999
 - \$300,000 - \$399,999
 - \$400,000 - \$499,999
 - \$500,000 and over
8. *Thinking about this year, that is 1999, which category best describes the total farm sales you expect to receive in 1999, including government payments, but before deductions? Do you expect your total farm sales to be above or below \$250,000? Just tell me to stop when I reach the correct category.* (Read portion of list that corresponds with response—record one only.)
- Less than \$10,000
 - \$10,000 - \$24,999
 - \$25,000 - \$49,999
 - \$50,000 - \$74,999
 - \$75,000 - \$99,999
 - \$100,000 - \$149,999
 - \$150,000 - \$199,999
 - \$200,000 - \$249,999
 - \$250,000 - \$299,999
 - \$300,000 - \$399,999
 - \$400,000 - \$499,999
 - \$500,000 and over

9. *Focusing now on net farm income after operating expenses. Do you expect your net income to be higher or lower in 1999 compared with 1998? Is that slightly or a lot {higher/lower}? (Do not read list – record one only.)*
- A lot higher
 - Slightly higher
 - About the same
 - Slightly lower
 - A lot lower
10. *In addition to your farm income, which of the following income sources contribute to your overall household income? (Read list – record all responses.)*
- Custom work (family members)
 - Investment and pension income
 - Non-farm employment done by yourself
 - Non-farm employment done by another member of your household
 - Transfer payments from governments like old age pension, unemployment benefits, social security, etc.

Continue if “non-farm employment done by yourself or another member of your household”, otherwise skip to Q13.

11. *Why is non-farm employment done by yourself or another member of your household...? (Read list – randomize.)*
- A career choice
 - A financial necessity
 - A method to stabilise family income
 - An important social outlet
 - Other (specify)
- 12A. *In the last two years, did you apply for unemployment benefits?*
- Yes
 - No

Continue if yes in Q13A.

- 12B. *Were you ever rejected because of your farm income?*
- Yes
 - No
 - Don't know

13. *Which category best describes the total debt level of your farm operation in 1999. This includes your farm mortgage, machinery and equipment loans, your operating credit when it is at its highest, and all other financing you use for your farm? Would your total debt be above or below \$100,000? Just tell me to stop when I reach the correct category. (Read portion of list that corresponds with response – record one only.)*

Interviewer note: We are only interested in an approximation.

- Less than \$10,000
 - \$10,000 - \$24,999
 - \$25,000 - \$49,999
 - \$50,000 - \$74,999
 - \$75,000 - \$99,999
 - \$100,000 - \$149,999
 - \$150,000 - \$199,999
 - \$200,000 - \$249,999
 - \$250,000 - \$299,999
 - \$300,000 - \$399,999
 - \$400,000 - \$499,999
 - \$500,000 and over
14. *Finally, if your current farm financial situation continued for at least two more years without any major changes in commodity prices or government support, what do you expect your situation to be? Would you...? (Read list – one response only.)*
- Be confident that you would continue farming
 - Be seriously considering getting out of farming
 - Have gotten out of farming

That's all for today. Thank you very much for your help. Be assured that your responses will be included with those of other farmers. Do you have any comments about this particular study or Angus Reid Group surveys in general?

**THANK-YOU FOR YOUR ASSISTANCE,
IF YOU HAVE ANY QUESTIONS ABOUT THIS STUDY,
PLEASE CALL CURTIS JOHNSON TOLL-FREE AT 1-888-264-8773**

